DEAFBLIND
COMMUNITY
SERVICES

Financial Statements of

DEAFBLIND COMMUNITY SERVICES

Year ended March 31, 2022

DEAFBLIND COMMUNITY SERVICES
March 31, 2022

Contents

Independent auditor's report

To the Board of Directors and Member of
Deafblind Community Services

Opinion

We have audited the financial statements of Deafblind Community Services ("DBCS"), which comprise the statement of financial position as at March 31, 2022, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of DBCS as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of DBCS in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of DBCS as at and for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on June 24, 2021.

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 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.

In preparing the financial statements, management is responsible for assessing DBCS'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 DBCS or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our 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 our 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.

As part of an audit in accordance with Canadian generally accepted audited standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 DBCS'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 DBCS's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause DBCS to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit.

Ernst & Young LLP

Toronto, Canada
June 23, 2022

Chartered Professional Accountants
Licensed Public Accountants

DEAFBLIND COMMUNITY SERVICES

Statement of Financial Position
(in thousands of dollars)
March 31, 2022, with comparative information for 2021

		2022		2021
Assets:				
Current assets:				
Cash	$	900	$	1,226
Accounts receivable		36		29
Total current assets		936		1,255
Capital assets (note 3)		32		74
Total assets	$	968	$	1,329
Liabilities and net assets:				
Current liabilities:				
Accounts payable and accrued liabilities	$	482	$	591
Due to related organizations (note 7)		37		300
Total current liabilities		519		891
Accrued pension liability (note 4)		139		4
Deferred contributions:				
Expenses of future periods (note 5)		333		319
Capital assets (note 6)		32		74
Total long-term liabilities		504		397
Total liabilities	$	1,023	$	1,288
Net assets:				
Unrestricted		(55)		41
Total net assets		(55)		41
Total liabilities and net assets	$	968	$	1,329

Commitments and contingencies (note 11)

See accompanying notes to financial statements

On behalf of the Board of Directors:

Chair, Board of Directors

DEAFBLIND COMMUNITY SERVICES

Statement of Operations and Changes in Net Assets
(in thousands of dollars)
Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Government funding towards programs and services	$ 6,942	$ 2,972
Gifts from related organization (note 7)	100	148
Other	56	15
Funding from related organization (note 7)	-	3,757
Total revenue	7,098	6,892
Program expenses (notes 7 and 8):		
Intervenor support	6,387	6,290
Literacy	456	474
COVID-19 related expenses	173	81
National expansion	-	2
Total expenses	7,016	6,847
Excess of revenue over expenses	$ 82	$ 45
Net change		
Net assets, beginning of year	41	(38)
Pension plan remeasurement (note 4)	(178)	34
Net assets, end of year	$ (55)	$ 41

See accompanying notes to financial statements

DEAFBLIND COMMUNITY SERVICES

Statement of Cash Flows
(in thousands of dollars)
Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 82	$ 45
Amortization of capital assets	18	4
Recognition of deferred contributions related to capital assets (note 6)	(42)	(4)
Loss on sale of capital assets (note 3)	24	-
Pension expense (note 4)	146	175
Pension employer contribution (note 4)	(189)	(141)
Change in non-cash working capital (note 9)	(365)	1,129
Total operating activities	(326)	1,208
Financing activities:		
Deferred contributions related to capital assets (note 6)	-	51
Total financing activities	-	51
Investing activities:		
Purchase of capital assets (note 3)	-	(51)
Total investing activities	-	(51)
Net increase (decrease) in cash	(326)	1,208
Cash, beginning of the year	1,226	18
Cash, end of the year	$ 900	$ 1,226

See accompanying notes to financial statements

1. Purpose of the organization:

Deafblind Community Services ("DBCS") was incorporated on July 27, 2017 under the *Canada Not-for-profit Corporations Act* and commenced operations on April 1, 2018. DBCS is one of the leading providers of specialized support and emergency services for people who are Deafblind. DBCS is committed to community-based services by providing intervenor services enabling people who are Deafblind to live as independently as possible, and educational programs in literacy, life skills and technology. By providing these support services. people who are Deafblind and their family members can have access to communication, assistance, and referrals to other community services. DBCS is a registered charity under the *Income Tax Act (Canada)* and, accordingly, is exempt from income taxes, provided certain requirements of the *Income Tax Act (Canada)* are met.

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Revenue recognition:

DBCS follows the deferral method of accounting for contributions, which include public and government support.

Externally restricted contributions are initially deferred and recognized as revenue in the year in which the related expenses are incurred.

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.

Revenue from fees for service is recognized when the services are provided.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently measured at cost or amortized cost, net of any provisions for impairment. DBCS has not elected to carry financial instruments at fair value.

(c) Capital assets:

Purchased capital assets are recorded at cost less accumulated amortization. Assets are amortized over their estimated useful life. If a capital asset no longer contributes to DBCS's ability to provide services, its carrying amount is written down to fair value or replacement cost, and an impairment is recognized as an expense in the statement of operations and changes in net assets.

Capital assets are amortized on a straight-line basis using the following annual rates:

Vehicles	3 years
Leasehold improvements	Term of lease

(d) Employee future benefits:

Canadian National Institute for the Blind ("CNIB") administers the Pension Plan for Employees of DBCS under a Pension Participation Agreement. The plan has a defined benefit provision and a defined contribution provision. Employees with greater than three months of service are eligible to join the defined contribution provision, while the defined benefit provision was closed to new entrants effective June 2010. The benefits of the defined benefit provision are based on years of service, years of contributions and final average earnings. The defined benefit provision includes the basic plan and excess benefits plans.

DBCS does not provide any non-pension, post-retirement benefits.

DBCS uses the immediate recognition approach to account for its defined benefit provision. DBCS accrues its obligations under the defined benefit provision as employees render the services necessary to earn the pension benefits.

The actuarial determination of the accrued benefit obligations for pensions uses the projected benefit method prorated on service, (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

The most recent actuarial valuation of the benefit provision for funding purposes was as of May 1, 2021, and the next required valuation will be May 1, 2024. The accrued benefit obligation is determined using a roll-forward technique to estimate the accrued benefit provision from the most recent actuarial valuation.

Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. For the purpose of calculating the expected return on plan assets, the assets are valued at fair value. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation.

The cost of the defined contribution provision is based on a percentage of the employee's pensionable earnings.

(e) Allocation of expenses:

DBCS classifies expenses on the statement of operations and changes in net assets by function. General support expenses are allocated based on the specified terms as per the funding agreements.

(f) COVID-19 related expenses:

In compliance with requirements of the Ministry of Children, Community and Social Services, certain expenditures related to COVID-19 have been tracked and separately disclosed in the statement of operations and changes in net assets.

(in thousands of dollars except as noted)

(g) Use of estimates:

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include accrued liabilities and obligations related to employee future benefits. Actual results could differ from these estimates.

3. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Vehicles	$ 51	$ 19	$ 32	$ 50
Leasehold improvements	-	-	-	24
Total	$ 51	$ 19	$ 32	$ 74

During the year, a building that DBCS occupied was sold, and the remaining net book value was written off.

4. Accrued pension liability:

The accrued pension liability represents the fair value of the accrued defined benefit provision obligations in excess of the accrued defined benefit provision assets.

	2022	2021
Accrued pension obligation	$ 967	$ 633
Fair value of defined benefit provision assets	828	629
Accrued benefit liability	$ (139)	$ (4)

Defined benefit assets consist of investments in pooled funds.

(in thousands of dollars except as noted)

The change in the accrued pension liability during the year is as follows:

		2022		2021
Balance, beginning of year	$	(4)	$	(4)
Employer contributions		189		141
Remeasurements recorded in the statement of operations and changes in net assets		(178)		34
Net pension service cost		(146)		(175)
Balance, end of year	$	(139)	$	(4)

DBCS's defined contribution provision expense for the current year was $99 (2021 - $96).

The significant actuarial assumptions adopted in measuring DBCS's accrued pension liability are as follows:

	2022	2021
Accrued benefit obligation:		
Discount rate	5.55%	5.67%
Rate of compensation increase	2.25%	2.25%
Benefit costs:		
Discount rate	5.67%	5.67%
Rate of compensation increase	2.25%	2.25%

5. Deferred contributions – expenses of future periods:

Deferred contributions are related to the funding of expenses of future periods and represent unspent, externally restricted contributions.

Changes in the deferred contributions – capital assets balance are as follows:

		2022		2021
Balance, beginning of year	$	319	$	5
Add:				
Amounts received in the year		29		322
Less:				
Amounts recognized as revenue in the year		(15)		(8)
Balance, end of year	$	333	$	319

(in thousands of dollars except as noted)

6. Deferred contributions - capital assets:

Deferred contributions related to capital assets represent the unamortized amount of restricted contributions received for the purchase of capital assets.

Changes in the deferred contributions – expenses of future periods balance are as follows:

		2022		2021
Balance, beginning of year	$	74	$	27
Add:				
Amounts received in the year		-		51
Less:				
Amounts recognized as revenue in the year		(42)		(4)
Balance, end of year	$	32	$	74

7. Related party transactions:

A summary of the related party transactions and balances is as follows:

		2022		2021
(a) Transactions with CNIB				
Revenue:				
Contributions from CNIB	$	100	$	148
Fee for services rendered on behalf of CNIB		-		3,757
Total revenue	$	100	$	3,905
Purchased services expenses	$	196	$	199
Support services expenses	$	756	$	788
Services rendered on behalf of CNIB				
Cost of services	$	100	$	3,905
(b) Due to related organizations at the fiscal year-end	$	(37)	$	(300)

(in thousands of dollars except as noted).

All intercompany transactions are within the normal course of operations and measured at the exchange amount in accordance with an agreement effective March 29, 2018 between CNIB and DBCS, whereby CNIB, as the sole member of DBCS, agreed to provide certain services to DBCS.

Contributions from CNIB and fee for services rendered on behalf of CNIB are shown as revenue in the *Statement of Operations and Changes in Net Assets; Purchased and Support Services and Services* rendered on behalf of CNIB are included in all expense categories shown in the *Statement of Operations and Changes in Net Assets*.

8. Allocation of expenses:

General support expenses have been allocated as follows:

		2022		2021
Intervenor support	$	571	$	461
Literacy		-		3
Total	$	571	$	464

9. Change in non-cash working capital:

The change in non-cash working capital related to operations consists of the following:

		2022		2021
Decrease (increase) in accounts receivable	$	(7)	$	64
Increase (decrease) in accounts payable and accrued liabilities		(109)		354
Increase (decrease) in due to related organizations		(263)		397
Increase in deferred contributions		14		314
Total	$	(365)	$	1,129

(in thousands of dollars except as noted)

10. Credit facility:

DBCS has a credit facility available to fund operations and capital expenditures totalling $250 that bears interest at the bank's prime rate plus 0.25%. This amount is due upon demand and is secured by a general security agreement covering all assets. No amounts were drawn of the credit facility at year-end (2021 - $nil).

11. Commitments and contingencies:

DBCS has commitments with respect to operating leases. The minimum annual commitment under these leases is as follows:

2023	$	163
2024		156
2025		156
2026		156
2027		152
Thereafter		15
Total	$	798