

**DEAFBLIND
COMMUNITY
SERVICES**

Financial Statements of

DEAFBLIND COMMUNITY SERVICES

Year ended March 31, 2023

DEAFBLIND COMMUNITY SERVICES

March 31, 2023

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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, 2023, and the statement of operations, statement of 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, 2023, 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.

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.

Toronto, Canada
June 28, 2023

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants



DEAFBLIND COMMUNITY SERVICES

Statement of Financial Position

(in thousands of dollars)

As at March 31, 2023, with comparative information for 2022

	2023	2022
Assets:		
Current assets:		
Cash	\$ 924	\$ 900
Accounts receivable	76	36
Total current assets	1,000	936
Accrued pension asset (note 4)	154	—
Capital assets (note 3)	16	32
Total assets	\$ 1,170	\$ 968
Liabilities and net assets:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 458	\$ 482
Due to related organizations (note 7)	—	37
Total current liabilities	458	519
Accrued pension liability (note 4)	—	139
Deferred contributions:		
Expenses of future periods (note 5)	336	333
Capital assets (note 6)	16	32
Total long-term liabilities	352	504
Total liabilities	810	1,023
Net assets:		
Unrestricted	360	(55)
Total net assets	360	(55)
Total liabilities and net assets	\$ 1,170	\$ 968

Commitments (note 11)

See accompanying notes to financial statements

On behalf of the Board of Directors:



Chair, Board of Directors



Chair, Finance Committee

DEAFBLIND COMMUNITY SERVICES

Statement of Operations

(in thousands of dollars)

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
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Revenue:		
Government funding towards programs and services	\$ 7,520	\$ 6,942
Funding from related organization (note 7)	242	—
Donations from related organization (note 7)	100	100
Other	31	56
Total revenue	7,893	7,098
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Program expenses (notes 7 and 8):		
Intervenor support	7,314	6,387
Literacy	472	456
COVID related expenses	—	173
Total expenses	7,786	7,016
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Excess of revenue over expenses	\$ 107	\$ 82
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See accompanying notes to financial statements

DEAFBLIND COMMUNITY SERVICES

Statement of Changes in Net Assets

(in thousands of dollars)

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Net assets, beginning of year	\$ (55)	\$ 41
Excess of revenue over expenses	107	82
Pension plan remeasurement (note 4)	308	(178)
Net change	415	(96)
Net assets, end of year	\$ 360	\$ (55)

See accompanying notes to financial statements

DEAFBLIND COMMUNITY SERVICES

Statement of Cash Flows

(in thousands of dollars)

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 107	\$ 82
Items not involving cash:		
Amortization of capital assets	16	18
Recognition of deferred contributions related to capital assets (note 6)	(16)	(42)
Loss on sale of capital assets	—	24
Pension expense (note 4)	187	146
Pension employer contribution (note 4)	(172)	(189)
Net change in non-cash working capital (note 9)	(98)	(365)
Total operating activities	24	(326)
Net increase (decrease) in cash	24	(326)
Cash, beginning of the year	900	1,226
Cash, end of the year	\$ 924	\$ 900

See accompanying notes to financial statements

DEAFBLIND COMMUNITY SERVICES

Notes to Financial Statements
(in thousands of dollars except as noted)
Year ended March 31, 2023

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 includes 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.

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Notes to Financial Statements
(in thousands of dollars except as noted)
Year ended March 31, 2023

(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 lives. 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.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Vehicles	3 years
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(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.

DEAFBLIND COMMUNITY SERVICES

Notes to Financial Statements
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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 obligation 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 December 31, 2022, and the next required valuation will be December 31, 2025. 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 plan 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 by function. General support expenses are allocated based on the specified terms as per the funding agreements.

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Notes to Financial Statements
(in thousands of dollars except as noted)
Year ended March 31, 2023

(f) COVID related expenses:

In compliance with requirements of the Ministry of Children, Community and Social Services (“MCCSS”), certain expenditures related to COVID have been tracked and separately disclosed in the statement of operations.

(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:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Vehicles	\$ 51	\$ 35	\$ 16	\$ 32
Total	\$ 51	\$ 35	\$ 16	\$ 32

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Notes to Financial Statements
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4. Accrued pension asset/liability:

The accrued pension asset represents the fair value of the defined benefit provision assets in excess of the accrued pension obligation.

	2023	2022
Accrued pension obligation	\$ 867	\$ 967
Fair value of plan assets	1,021	828
Accrued benefit asset (liability)	\$ 154	\$ (139)

Plan assets consist of investments in pooled funds.

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

	2023	2022
Balance, beginning of year	\$ (139)	\$ (4)
Employer contribution	172	189
Remeasurements recorded in the statement of changes in net assets	308	(178)
Net pension service cost	(187)	(146)
Balance, end of year	\$ 154	\$ (139)

DACS's defined contribution provision expense for the current year was \$102 (2022 – \$99).

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

	2023	2022
Accrued benefit obligation:		
Discount rate	6.70%	5.55%
Rate of compensation increase	2.25%	2.25%
Benefits cost:		
Discount rate	5.55%	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 – expenses of future periods balance are as follows:

	2023	2022
Balance, beginning of year	\$ 333	\$ 319
Add:		
Amounts received in the year	477	29
Less:		
Amounts recognized as revenue in the year	(474)	(15)
Balance, end of year	\$ 336	\$ 333

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.

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

	2023	2022
Balance, beginning of year	\$ 32	\$ 74
Add:		
Amounts received in the year	—	—
Less:		
Amounts recognized as revenue in the year	(16)	(42)
Balance, end of year	\$ 16	\$ 32

7. Related party transactions:

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

	2023	2022
(a) Transactions with CNIB		
Revenue:		
Contributions from CNIB	\$ 100	\$ 100
Fee for services rendered on behalf of CNIB	242	—
Total revenue	\$ 342	\$ 100
Purchased services expenses	\$ 235	\$ 196
Support services expenses	\$ 805	\$ 756
Services rendered on behalf of CNIB		
Cost of services	\$ 342	\$ 100
(b) Due to related organizations	\$ —	\$ (37)

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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; purchased and support services and services rendered on behalf of CNIB are included in all expense categories shown in the statement of operations.

8. Allocation of expenses:

General support expenses have been allocated as follows:

	2023	2022
Intervenor support	\$ 582	\$ 571

9. Net change in non-cash working capital:

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

	2023	2022
Increase in accounts receivable	\$ (40)	\$ (7)
Decrease in accounts payable and accrued liabilities	(24)	(109)
Decrease in due to related organizations	(37)	(263)
Increase in deferred contributions related to expenses of future periods	3	14
Total	\$ (98)	\$ (365)

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10. Credit facility:

DACS 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 on the credit facility as at March 31, 2023 (2022 – nil).

11. Commitments:

DACS has commitments with respect to operating leases. The future minimum annual commitments under these leases are as follows:

2024	\$	181
2025		181
2026		181
2027		176
2028		33
Thereafter		69
Total	\$	821
