

**DEAFBLIND
COMMUNITY
SERVICES**

Financial Statements of
DEAFBLIND COMMUNITY SERVICES
Year ended March 31, 2021

DEAFBLIND COMMUNITY SERVICES

March 31, 2021

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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, 2021, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of DBCS as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 audit 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 GAAS 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 GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 24, 2021

DEAFBLIND COMMUNITY SERVICES

Statement of Financial Position

(in thousands of dollars)

March 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 1,226	\$ 18
Accounts receivable and prepaid expenses	29	93
Due from related organization (note 6)	-	97
	<u>1,255</u>	<u>208</u>
Capital assets (note 3)	74	27
	<u>\$ 1,329</u>	<u>\$ 235</u>
Liabilities, Deferred Contributions and Fund Balance		
Current liabilities:		
Due to related organizations (note 6)	\$ 300	\$ -
Accounts payable and accrued liabilities	591	237
	<u>891</u>	<u>237</u>
Accrued pension liability (note 2)	4	4
Deferred contributions:		
Expenses of future periods (note 7)	319	5
Capital assets (note 8)	74	27
	<u>397</u>	<u>36</u>
	<u>\$ 1,288</u>	<u>\$ 273</u>
Fund balance		
Unrestricted operating fund	41	(38)
	<u>41</u>	<u>(38)</u>
Commitments and contingencies (note 10)		
	<u>\$ 1,329</u>	<u>\$ 235</u>

See accompanying notes to financial statements

On behalf of the Board of Directors:



Chair, Board of Directors
Chair, Board of Directors

DEAFBLIND COMMUNITY SERVICES

Statement of Operations and Changes in Fund Balance

(in thousands of dollars)

March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Gifts from registered charities (note 6)	\$ 148	\$ 53
Funding from related organization (note 6)	3,757	6,306
Government funding towards programs and services	2,972	474
Fee for service	-	20
Other	15	5
	6,892	6,858
Program expenses:		
Intervenor support	6,290	6,315
Literacy	474	486
National expansion	2	51
COVID related expenses	81	6
	6,847	6,858
Excess of revenue over expenses	\$ 45	\$ -
Net change		
Fund balance, beginning of the year	(38)	13
Pension plan remeasurement (note 2)	34	(51)
Fund balance, end of the year	\$ 41	\$ (38)

See accompanying notes to financial statements

DEAFBLIND COMMUNITY SERVICES

Statement of Cash Flow

(in thousands of dollars)

March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operation activities:		
Excess of revenue over expenses	\$ 45	\$ -
Items not involving cash:		
Amortization of capital assets (note 3)	4	2
Amortization of deferred contributions related to future periods (note 7)	(8)	-
Amortization of deferred contributions related to capital assets (note 8)	(4)	(2)
Pension expense (note 2)	175	125
Pension employer contribution (note 2)	(141)	(157)
Deferred contributions related to expenses of future periods (note 7)	322	5
Change in non-cash working capital (note 9)	815	14
	1,208	(13)
Financing activity:		
Deferred contributions related to capital assets (note 8)	51	29
Investing activity:		
Purchase of capital assets (note 3)	(51)	(29)
Change in cash	1,208	(13)
Cash, beginning of the year	18	31
Cash, end of the year	\$ 1,226	\$ 18

See accompanying notes to financial statements

DEAFBLIND COMMUNITY SERVICES

Notes to Financial Statements

(In thousands of dollars except as noted)

Year ended March 31, 2021

Deafblind Community Services ("DBCS") was incorporated on July 27, 2017 under the Canadian 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, focused primarily in Ontario. DBCS is committed to promote health by providing intervener services to enable deafblind persons to live as independently as possible in their environment; to operate educational programs in literacy, life skills and technology training for deafblind persons; and to provide support services, communication, assistance, and referral to other community services to deafblind persons, as well as their caregivers and family members. DBCS is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

Effective April 1, 2018, the Canadian National Institute for the Blind (CNIB) transferred certain operations representing government funded deafblind programs to DBCS. Further information can be found in note 6.

1. 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 support from the public and government support.

Externally restricted contributions are 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.

DEAFBLIND COMMUNITY SERVICES

Notes to Financial Statements

(In thousands of dollars except as noted)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently measured at cost or amortized cost. DBCS has not elected to carry the instruments at fair value.

(c) Capital assets:

Purchased capital assets are recorded at cost. Assets are amortized over useful life of the assets. Repairs and maintenance costs are charged to expense. If a capital asset no longer contributes to DBCS's ability to provide services, its carrying amount is written down to its residual value, and it is recognized as an expense in the statement of operations and changes in fund balance.

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

Vehicles	33.3%
Leasehold improvements	Term of lease

(d) Contributed services:

DBCS benefits from substantial services in the form of volunteer time to fulfill its mission. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(e) Employee future benefits:

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.

DEAFBLIND COMMUNITY SERVICES

Notes to Financial Statements

(In thousands of dollars except as noted)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(e) Employee future benefits (continued):

DBCS does not provide any significant 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 December 31, 2017, and the next required valuation will be completed as of December 31, 2020, and once completed will be filed in the normal course.

Actuarial gains (losses) on defined benefit provision 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 defined benefit provision 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.

(f) Allocation of expenses:

DBCS classifies expenses on the statement of operations and changes in fund balance by function. General support expenses are allocated based on an estimate under funding agreements.

DEAFBLIND COMMUNITY SERVICES

Notes to Financial Statements

(In thousands of dollars except as noted)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(g) National expansion expenses:

DBCS initiated a program to expand intervenor services outside Ontario to other regions across Canada in partnership with regionally based organizations. Costs for this initiative are based on an estimate of dedicated management time and actual project costs to engage with various provincial governments. These costs are funded by CNIB and are separately disclosed in the statement of operations and fund balance.

(h) COVID related expenses:

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

(i) 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.

DEAFBLIND COMMUNITY SERVICES

Notes to Financial Statements

(In thousands of dollars except as noted)

Year ended March 31, 2021

2. Accrued pension liability:

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

	2021	2020
Accrued pension obligation	\$ 633	\$ 372
Fair value of defined benefit provision assets	629	368
Funded status – plan deficit	\$ (4)	\$ (4)
Accrued benefit liability	\$ (4)	\$ (4)

Defined benefit provision assets consist of:

	2021	2020
Pooled funds	99%	99%
Cash	1%	1%
Total	100%	100%

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

	2021	2020
Accrued benefit obligation:		
Discount rate	5.67%	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%

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Notes to Financial Statements

(In thousands of dollars except as noted)

Year ended March 31, 2021

2. Accrued pension liability/asset (continued):

The change in this balance is calculated as follows:

	2021	2020
Balance, beginning of year	\$ (4)	\$ 15
Employer contributions	141	157
Remeasurements in the statement of changes in fund balance	34	(51)
Net pension service cost	(175)	(125)
Balance, end of year	\$ (4)	\$ (4)

DACS's defined contribution provision expense for the current year was \$96 (2020 - \$88).

3. Capital assets:

	2021	2020		
	Cost	Accumulated amortization	Net book value	Net book value
Vehicles	51	1	50	-
Leasehold improvements	29	5	24	27
	\$ 80	\$ 6	\$ 74	\$ 27

4. Credit facility:

DACS has a credit facility available to fund operations and capital expenditures, totaling \$250 at prime plus 0.25%. This amount is due upon demand and is secured by a general security agreement. No amounts were drawn of the credit facility at year-end (2020 - \$nil).

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Notes to Financial Statements

(In thousands of dollars except as noted)

Year ended March 31, 2021

5. Allocation of expenses:

General support expenses have been allocated as follows:

	2021	2020
Intervenor support	\$ 461	\$ 500
Literacy	3	-
	\$ 464	\$ 500

6. Related party transactions:

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

	2021	2020
(a) Transactions with CNIB		
Revenue:		
Contributions from CNIB	\$ 148	\$ 53
Fee for services rendered on behalf of CNIB	3,757	6,306
	\$ 3,905	\$ 6,359
Purchased services	\$ 199	\$ 268
Support services	\$ 788	\$ 670
Services rendered on behalf of CNIB		
Cost of services	\$ 3,905	\$ 6,359
(b) Due (to)/from CNIB at the fiscal year-end	\$ (300)	\$ 97

CNIB is the sole member of DBCS. All intercompany transactions are measured at the exchange amount of consideration established and agreed to by the related parties and these transactions are within the normal course of operations. The amount due from CNIB has no specified terms of repayment.

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Year ended March 31, 2021

6. Related party transactions (continued):

The Ministry of Children, Community and Social Services contract that was under CNIB from April 1 to September 30, 2020, was transferred to DBCS as of October 1, 2020.

7. Deferred contributions – expenses of future periods:

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

	2021	2020
Balance, beginning of year	\$ 5	\$ -
Add:		
Amount received in the year	322	8
Less:		
Amount recognized as revenue in the year	(8)	(3)
Balance, end of year	\$ 319	\$ 5

During the year, \$260 held by CNIB for the purpose of supporting deafblind services was transferred to DBCS.

8. Deferred contributions - capital assets:

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

	2021	2020
Balance, beginning of year	\$ 27	\$ -
Add:		
Amount received in the year	51	29
Less:		
Amount recognized as revenue in the year	(4)	(2)
Balance, end of year	\$ 74	\$ 27

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9. Change in non-cash working capital:

Change in non-cash working capital has been calculated as follows:

	2021	2020
Accounts receivable and prepaid expenses	\$ 64	\$ (55)
Accounts payable and accrued liabilities	354	22
Due to/from related organizations	397	47
	<u>\$ 815</u>	<u>\$ 14</u>

10. Commitments and contingencies:

Lease obligations:

DACS has commitments with respect to an operating lease for Toronto property. The minimum annual commitment under this lease is as follows:

2022	\$	46
2023		46
2024		46
2025		46
2026		46
Thereafter		50
Total	<u>\$</u>	<u>280</u>

11. Financial risks:

Credit risks:

DACS is exposed to credit-related losses in the event of non-performance by counterparties to the financial instruments. Credit exposure is minimized by dealing with only creditworthy counterparties.

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(In thousands of dollars except as noted)

Year ended March 31, 2021

12. Significant event:

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of DBCS in future periods.