

Financial Statements of

**DEAFBLIND ONTARIO
SERVICES**

And Independent Auditors' Report thereon

Year ended March 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Deafblind Ontario Services

Qualified Opinion

We have audited the financial statements of Deafblind Ontario Services (the Entity), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operating fund revenue and expenses for the year then ended
- the statement of community donation fund revenue and expenses for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, 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 Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.



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Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2020 and March 31, 2019
- the donations revenue and excess (deficiency) of revenues over expenses reported in the statements of operating fund revenue and expenses, and the statements of community donation fund revenue and expenses for the years ended March 31, 2020 and March 31, 2019
- the fund balances, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended March 31, 2020 and March 31, 2019
- the excess (deficiency) of revenues over expenses reported in the statements of cash flows for the years ended March 31, 2020 and March 31, 2019.

Our opinion on the financial statements for the year ended March 31, 2019 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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



Auditors' 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 auditors' 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing 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 the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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- 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 15, 2020

DEAFBLIND ONTARIO SERVICES

(Incorporated under the laws of Ontario without share capital)

Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 145,953	\$ 541,217
Accounts receivable	712,673	310,748
Prepaid expenses	125,664	146,110
	<u>984,290</u>	<u>998,075</u>
Community Donation Fund net assets (note 2)	672,699	497,681
Property and equipment (note 3)	11,819,473	10,176,385
	<u>\$ 13,476,462</u>	<u>\$ 11,672,141</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,393,441	\$ 730,350
Government remittances payable	46,385	80,005
Mortgage loans - current portion (note 5)	54,370	50,301
	<u>1,494,196</u>	<u>860,656</u>
Mortgage loans (note 5)	1,476,045	1,251,951
Forgivable loans (note 6)	4,429,539	3,611,929
Unamortized Community Donation Fund restricted transfers (note 7)	629,873	569,901
Unamortized Province of Ontario restricted transfers (note 7)	1,499,915	1,456,405
Net assets:		
Invested in property and equipment (note 8)	3,729,731	3,235,898
Community Donation Fund surplus	672,699	497,681
Operating Fund surplus (deficit)	(455,536)	187,720
	<u>3,946,894</u>	<u>3,921,299</u>
Lease commitments (note 10)		
Economic dependence (note 11)		
Subsequent events (note 13)		
	<u>\$ 13,476,462</u>	<u>\$ 11,672,141</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

DEAFBLIND ONTARIO SERVICES

Statement of Operating Fund Revenue and Expenses

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Province of Ontario subsidy	\$ 14,786,730	\$ 14,749,784
Accommodation and care service fees	718,074	694,956
Other	416,193	511,929
Amortization of restricted transfers (note 7)	327,869	327,522
Loss on disposal of property and equipment	–	(35,125)
	16,248,866	16,249,066
Expenses:		
Salaries	9,074,571	8,844,577
Benefits	1,896,219	1,955,616
Professional fees (note 13(a))	1,373,965	1,378,744
Amortization of property and equipment	1,114,929	990,468
Administrative salaries	686,659	657,546
Programming and supplies (note 13(a))	446,889	506,079
Training	265,004	375,469
Utilities and telephone	212,111	199,841
Rent	211,507	222,262
Maintenance, repairs and replacements	203,583	242,193
Travel	198,566	357,652
Vehicle operation and maintenance	170,075	201,492
Advertising and promotion	78,247	49,412
Board	70,376	128,035
Interest	68,816	44,617
Bank charges	64,574	57,837
Insurance	63,502	56,830
Other	51,574	84,587
Recruitment	10,914	53,229
	16,262,081	16,406,486
Deficiency of revenue over expenses	\$ (13,215)	\$ (157,420)

See accompanying notes to financial statements.

DEAFBLIND ONTARIO SERVICES

Statement of Community Donation Fund Revenue and Expenses

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Fundraising activities	\$ 213,464	\$ 216,963
Donations	125,651	159,541
Other	54,463	61,081
Unrealized gain (loss) on investments	(10,133)	9,311
	<u>383,445</u>	<u>446,896</u>
Expenses:		
Operating	277,413	230,733
Fundraising activities	63,438	70,552
Other	3,784	63,216
	<u>344,635</u>	<u>364,501</u>
Excess of revenue over expenses	<u>\$ 38,810</u>	<u>\$ 82,395</u>

See accompanying notes to financial statements.

DEAFBLIND ONTARIO SERVICES

Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

				2020	2019
	Invested in property and equipment	Community Donation Fund (note 9)	Operating Fund	Total	Total
Net assets, beginning of year	\$ 3,235,898	\$ 497,681	\$ 187,720	\$ 3,921,299	\$ 3,996,324
Excess (deficiency) of revenue over expenses	–	38,810	(13,215)	25,595	(75,025)
Fund transfers	–	(11,120)	11,120	–	–
Restricted Fund transfers (note 7)	–	147,328	(147,328)	–	–
Change in net assets invested in property and equipment (note 8)	493,833	–	(493,833)	–	–
Net assets, end of year	\$ 3,729,731	\$ 672,699	\$ (455,536)	\$ 3,946,894	\$ 3,921,299

See accompanying notes to financial statements.

DEAFBLIND ONTARIO SERVICES

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 25,595	\$ (75,025)
Items not involving cash:		
Amortization of property and equipment	1,114,929	990,468
Amortization of restricted transfers	(327,869)	(327,522)
Loss on disposal of property and equipment	–	35,125
Change in non-cash operating working capital:		
Accounts receivable	(401,925)	(66,951)
Prepaid expenses	20,446	(46,878)
Accounts payable and accrued liabilities	663,091	156,214
Government remittances payable	(33,620)	(9,514)
	1,060,647	655,917
Financing activities:		
Increase in mortgage loans	290,000	577,600
Repayment of mortgage loans	(61,837)	(320,149)
Increase in forgivable loans	817,610	316,500
Net transfers from Community Donation Fund	(175,018)	(202,970)
Increase in unamortized restricted transfers	431,351	269,586
	1,302,106	640,567
Investing activities:		
Additions to property and equipment	(2,758,017)	(1,302,663)
Decrease in cash	(395,264)	(6,179)
Cash, beginning of year	541,217	547,396
Cash, end of year	\$ 145,953	\$ 541,217

See accompanying notes to financial statements.

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements

Year ended March 31, 2020

DeafBlind Ontario Services (the "Organization") is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario. The Organization is a registered charity and helps individuals who are deafblind to increase their independence and improve their quality of life through specialized services.

The Organization maintains a Community Donation Fund for the purpose of funding programs or purchasing property and equipment for which provincial funding is not available. Subsequent to year end, the Community Donation Fund operations and certain assets and liabilities were transferred to a related entity as described in note 13.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations using the restricted fund method of reporting restricted contributions.

(b) Revenue recognition:

Province of Ontario subsidy revenue is recognized based on the annual service contract. Service revenue is recognized when the service is rendered to the client, collection is reasonably assured and all significant obligations have been fulfilled. Revenue from donations is recorded when collected.

Externally restricted donations are deferred until the funds have been used for the restricted purposes.

Forgivable loans have restrictive covenants which require that eligibility criteria be assessed upon expiry of the loan term, as such no forgiveness amounts are recognized annually. The full loan values will be recognized in revenue at the end of each agreement, should the conditions have continued to be met throughout the term and upon expiry.

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(c) Property and equipment:

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis at annual rates calculated to write off the assets over their estimated useful lives as follows:

Buildings	5%
Building improvements	10%
Furnishings and equipment	20%
Vehicles	20%

Construction in progress is not amortized until the asset is available for productive use.

Property and equipment are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the Organization's ability to provide services, or that the value of future economic benefits or service potential associated with the property and equipment are less than their net carrying amounts.

(d) Donated property, equipment, materials and services:

The work of the Organization is dependent on the voluntary service of many individuals. Since these services are not normally purchased by the Organization and because of the difficulty of determining their fair value, donated services are not recognized in the financial statements.

Donated property, equipment and materials are recorded at fair values at the time of receipt when fair values can be reasonably estimated.

(e) Restricted fund transfers:

Monies received to purchase property and equipment are deferred and amortized in the statement of operating fund revenue and expenses on the same basis as the related property and equipment is amortized.

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2020

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements 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. Actual amounts could differ from these estimates.

2. Community Donation Fund net assets:

	2020	2019
Cash	\$ 304,077	\$ 371,256
Investments	456,837	411,618
Accounts receivable	310,660	29,647
Prepaid expenses	887	1,863
Accounts payable and accrued liabilities	(30)	(21,849)
Restricted donation receipts and deferred revenue	(399,732)	(294,854)
	<u>\$ 672,699</u>	<u>\$ 497,681</u>

Subsequent to year end, certain investments were transferred to a related entity as described in note 13.

3. Property and equipment:

	2020		2019	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,937,363	\$ –	\$ 1,937,363	\$ 1,872,363
Buildings	6,254,833	2,019,432	4,235,401	4,241,993
Building improvements	6,720,288	3,149,797	3,570,491	3,272,103
Furnishings and equipment	987,585	603,949	383,636	418,287
Vehicles	748,983	284,648	464,335	325,824
Construction in progress	1,228,247	–	1,228,247	45,815
	<u>\$ 17,877,299</u>	<u>\$ 6,057,826</u>	<u>\$ 11,819,473</u>	<u>\$ 10,176,385</u>

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2020

3. Property and equipment (continued):

The Ministry of Children, Community and Social Services has an interest on title for the land and buildings located at 41 Ridgeview Cres, Waterloo, Ontario, 154 Old Chicopee Drive, Kitchener, Ontario, 61 Alexander Boulevard, Jackson's Point, Ontario and 2009 Craig Road, Innisfil, Ontario. The Regional Municipality of York has an interest on title for the land and buildings located at 61 Alexander Blvd., 1 Joel Ave. and 22 St. George St., Georgina, Ontario; the City of London has an interest on title for the land and buildings located at 1166 Sandbar Ave. and 2514 Tokala Tr., London, Ontario; The Regional Municipality of Waterloo has an interest on title for the land and buildings at 123 Northumberland Dr., Ayr, Ontario; The County of Simcoe has an interest on title for the land and buildings at 7 Forestwood Ln, Barrie, Ontario, and the City of Peterborough has an interest on title for the land and building at 86 Earlwood drive, Peterborough, Ontario.

Subsequent to year end, certain assets were transferred to a related entity as described in note 13.

4. Credit facility:

The Organization entered into a lending facility consisting of \$510,000 available. The lending facility bears interest at prime rate plus 0.75% (2019 - prime rate plus 0.75%) and is secured by a general security agreement, an assignment of the fire insurance and a collateral mortgage on one of the Organization's properties. The Organization is subject to certain financial and non-financial covenants as part of the lending facility. As at March 31, 2020, the Organization was in compliance with these covenants.

As at March 31, 2020, no amount (2019 - no amount) has been advanced against this lending facility.

As at March 31, 2020, \$130,000 (2019 - nil) of letters of credit were outstanding.

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2020

5. Mortgage loans:

Property	Due date	Monthly payment	Rate	2020	2019
7 Forestwood Lane, Barrie	November 30, 2041	\$ 2,429	4.25%	\$ 414,884	\$ 433,626
86 Earlwood Drive, Peterborough	November 28, 2043	1,734	4.80%	295,292	301,795
4681 Guy Avenue, Hanmer	May 1, 2042	1,999	Prime + 0.75%	284,772	296,879
1179 Notre Dame, Embrun	November 28, 2043	1,571	Prime + 0.75%	259,008	269,952
4707 Jacqueline St., Hanmer	June 6, 2044	1,729	Prime + 0.75%	276,459	—
				1,530,415	1,302,252
Less current portion				54,370	50,301
				\$ 1,476,045	\$ 1,251,951

Future principal payments required on all long-term debt for the next five years and thereafter, are as follows:

2020	\$ 54,370
2021	55,093
2022	55,980
2023	56,829
2024	57,870
Thereafter	1,250,273
	\$ 1,530,415

The mortgages are secured by a general security agreement, which includes a general security agreement representing a first charge on all Organization's present and after acquired personal property. In addition, the security requires an assignment of fire and liability insurance. Furthermore, the mortgages are secured by continuing collateral mortgages in the aggregate principal amount of \$3,128,000, which represent a first charge on the underlying real properties located at 7 Forestwood Lane, 41 Ridgeview Crescent, 86 Earlwood Drive and 4681 Guy Avenue.

Subsequent to year end, certain mortgages were transferred to a related entity as described in note 13.

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2020

6. Forgivable loans:

Municipality/organization	Effective date	Term	2020	2019
City of London	February 2, 2016	25 years	\$ 460,000	\$ 460,000
City of London	August 21, 2013	25 years	412,000	412,000
County of Simcoe	December 7, 2016	20 years	600,000	600,000
The Regional Municipality of York	October 13, 2010	20 years	264,181	264,181
The Regional Municipality of York	September 12, 2011	20 years	480,000	480,000
The Regional Municipality of York	November 29, 2013	20 years	640,428	640,428
The Regional Municipality of Waterloo	July 22, 2014	25 years	552,820	552,820
City of Peterborough	June 25, 2018	20 years	250,000	202,500
City of Ottawa	December 31, 2018	35 years	763,110	—
CMHC Seed Funding	June 5, 2019	2 years	7,000	—
			<u>\$ 4,429,539</u>	<u>\$ 3,611,929</u>

Funds have been advanced as forgivable loans to assist in the completion of new residences located in the municipalities that advanced the funds. The municipalities have placed mortgages on the properties in question in the amount of the loan balances.

The loan agreements require that management be in compliance with various operational terms and that the residences continue to operate as stated in the Affordable Housing/Investment in Affordable Housing Contribution Agreements with The Regional Municipality of York, The City of London, The Regional Municipality of Waterloo, The County of Simcoe, The City of Peterborough and The City of Ottawa for the entire term of the agreement.

Forgivable loans are non-interest bearing with no specific terms of repayment.

During the year, the Organization received \$817,610 in funds (2019 - \$316,500).

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2020

7. Unamortized restricted transfers:

The unamortized restricted transfers relate to subsidies and donations received that restrict the use of the funds to the purchase of property and equipment. These restricted contributions are deferred and amortized into revenues on the same basis as the amortization of the purchased property and equipment. The balances at year end consist of the following:

Unamortized Community Donation Fund restricted transfers:

	2020	2019
Balance, beginning of year	\$ 569,901	\$ 409,896
Transfers from Community Donation Fund	147,328	252,586
Amortization	(87,356)	(92,581)
Balance, end of year	\$ 629,873	\$ 569,901

Unamortized Province of Ontario restricted transfers:

	2020	2019
Balance, beginning of year	\$ 1,456,405	\$ 1,674,346
Additional restricted amounts received	284,023	17,000
Amortization	(240,513)	(234,941)
Balance, end of year	\$ 1,499,915	\$ 1,456,405

8. Net assets invested in property and equipment:

The net assets invested in property and equipment consist of the following:

	2020	2019
Net book value	\$ 11,819,473	\$ 10,176,385
Mortgage loans used for purchases	(1,530,415)	(1,302,252)
Forgivable loans used for purchases	(4,429,539)	(3,611,929)
Unamortized Community Donation Fund restricted transfers	(629,873)	(569,901)
Unamortized Province of Ontario restricted transfers	(1,499,915)	(1,456,405)
Net assets invested in property and equipment	\$ 3,729,731	\$ 3,235,898

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2020

8. Net assets invested in property and equipment (continued):

The change in net assets invested in property and equipment is calculated as follows:

	2020	2019
Purchases	\$ 2,758,017	\$ 1,302,663
Amortization of property and equipment	(1,114,929)	(990,468)
Disposals	—	(35,125)
Amortization of restricted fund transfers	327,869	327,522
Restricted fund transfers	(431,351)	(269,586)
Loan activity for loans used to purchase property and equipment	(1,045,773)	(573,951)
Change in net assets invested in property and equipment	\$ 493,833	\$ (238,945)

9. Internally restricted funds:

The Board of Directors established two internally restricted funds to provide the Organization with financial stability and flexibility over the longer term. The funds will be funded with non-restricted funding or donations:

(a) Contingent Restricted Fund:

This fund was established to support the Organization's day-to-day operations in the event of unforeseen and temporary shortfalls, such as legal liabilities.

(b) Strategic Restricted Fund:

This fund was established to be used for one-time, nonrecurring expenses that will build long-term capacity, such as investment in new and existing infrastructure.

These internally restricted funds are included in Community Donation Fund and the balances comprise the following:

	2020	2019
Contingent restricted fund	\$ 246,123	\$ 207,229
Strategic restricted fund	262,312	227,543
	\$ 508,435	\$ 434,772

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2020

10. Lease commitments:

Future minimum annual commitments are as follows:

2021	\$ 266,000
2022	257,000
2023	241,000
2024	215,000
2025	119,000
Thereafter	5,000

Subsequent to year end, the Organization entered into lease agreements with a related entity as described in note 13.

11. Economic dependence:

The Organization receives 89% (2019 - 88%) of its revenue from the Province of Ontario. The Organization's continuing operations are dependent on the continuance of these grants.

12. Risk management:

(a) Interest rate risk:

Certain of the Organization's mortgage loans have variable interest rates. As a result, the Organization is exposed to interest rate risk due to fluctuations in the variable rates.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares a budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no change to the risk exposures from the prior year.

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2020

13. Subsequent events:

(a) Economic development:

In the month of March the COVID-19 outbreak was declared a pandemic by the World Health Organization and has a significant financial, market and social dislocating impact. Professional fees for the current year include \$150 and programming and supplies include \$1,123 of COVID-19 related expenses.

At the time of approval of these financial statements, the Organization has experienced temporary declines in the fair value of investments and investment income as well as a decline in fundraising efforts, in relation to the COVID-19 pandemic. Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. Management completed this assessment and did not identify any such adjustments. The current events and conditions are expected to be temporary; however there is uncertainty around the length of the disruption and impact on future operations. As a result, an estimate of the financial effect of these items is not practicable at this time.

(b) Deafblind Ontario Foundation:

Subsequent to March 31, 2020, the Organization transferred the following assets and liabilities to the Deafblind Ontario Foundation (the "Foundation"): three properties with a net book value of \$1,050,000 together with their respective mortgages in the amount of \$820,239 as of March 31, 2020, and certain investments in the amount of \$497,774.

The Foundation is a registered charity registered as a public foundation with the Canada Revenue Agency. The Foundation commenced operations on April 1, 2020 and is incorporated without share capital under the laws of the Province of Ontario. The Foundation was established to provide specially adapted residential accommodation, assistive devices and equipment to individuals who are deafblind, fund recreational programs for individuals who are deafblind, and inspire investment in the future of individuals with deafblindness. The Foundation is considered a related party to the Organization by virtue of common control.

Effective April 1, 2020, the Organization entered into various lease agreements with the Foundation to rent these properties and provides certain administrative support services to the Foundation in exchange for a service fee at an exchange amount agreed upon by both parties.