

Financial Statements of

**DEAFBLIND ONTARIO
SERVICES**

And Independent Auditors' Report thereon

Year ended March 31, 2022



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Deafblind Ontario Services

Opinion

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

- the statement of financial position as at March 31, 2022
- 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity 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.

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 opinion.



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Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the Annual Report 2022.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Report 2022 as at the date of this auditors' report.

If, based on the work we have performed in this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Emphasis of Matter - Comparative Information

We draw attention to Note 14 to the financial statements which describes that Deafblind Ontario Services amalgamated with Array Community Support Services on April 1, 2021. Merger accounting was applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at March 31, 2021 and the statement of operating fund revenue and expenses, statement of changes in net assets and statement of cash flows for the year ended March 31, 2021.

Our opinion is not modified in respect of this matter.

We were not engaged to report on the comparative information, and as such, it is unaudited.

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.



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- 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.
- 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 13, 2022

DEAFBLIND ONTARIO SERVICES

(Incorporated under the laws of Ontario without share capital)

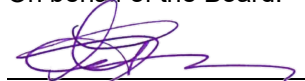
Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
		(Unaudited - note 14)
Assets		
Current assets:		
Cash	\$ 436,909	\$ 511,186
Short-term investments/cash equivalents	188,374	441,740
Accounts receivable (note 12)	678,456	569,081
Prepaid expenses	125,338	169,128
	<u>1,429,077</u>	<u>1,691,135</u>
Community Donation Fund net assets (note 2)	56,998	59,366
Property and equipment (note 3)	11,162,353	11,604,560
	<u>\$ 12,648,428</u>	<u>\$ 13,355,061</u>
Liabilities and Net Assets		
Current liabilities:		
Bank indebtedness	\$ 124,682	\$ 19,701
Accounts payable and accrued liabilities	1,155,709	1,428,198
Government remittances payable	77,506	312,611
Deferred revenue	109,142	3,441
Mortgage loans - current portion (note 5)	50,918	50,149
	<u>1,517,957</u>	<u>1,814,100</u>
Mortgage loans (note 5)	844,544	951,897
Forgivable loans (note 6)	4,824,539	4,824,539
Unamortized Community Donation Fund restricted transfers (note 7)	473,190	560,877
Unamortized Province of Ontario restricted transfers (note 7)	1,639,844	1,803,387
Net assets:		
Invested in property and equipment (note 8)	3,329,225	3,413,710
Community Donation Fund surplus	56,998	59,366
Operating Fund deficit	(37,869)	(72,815)
	<u>3,348,354</u>	<u>3,400,261</u>
Lease commitments (note 9)		
Economic dependence (note 10)		
	<u>\$ 12,648,428</u>	<u>\$ 13,355,061</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, 2022, with comparative information for 2021

	2022	2021 (Unaudited - note 14)
Revenue:		
Province of Ontario subsidy	\$ 19,579,745	\$ 19,295,458
Accommodation and care service fees	926,906	905,968
Other (note 12)	385,906	390,439
Rental income	99,629	95,375
Amortization of restricted fund transfers (note 7)	335,436	614,821
Gain on disposal of property and equipment	22,092	—
	<u>21,349,714</u>	<u>21,302,061</u>
Expenses:		
Salaries	11,902,997	12,086,914
Benefits	2,455,017	2,208,107
Professional fees	1,600,113	1,353,898
Administrative salaries	744,099	932,527
Programming and supplies (note 11)	1,110,023	839,279
Rent (note 12)	358,634	337,960
Travel	145,967	96,200
Vehicle operation and maintenance	108,410	78,531
Utilities and telephone	312,709	301,772
Training	154,021	202,599
Maintenance, repairs and replacements	406,103	336,618
Other	76,844	84,514
Advertising and promotion	142,645	98,718
Bank charges	70,632	65,069
Insurance	95,096	66,597
Board	64,160	29,962
Interest	38,530	43,659
Recruitment	150,912	22,656
Contribution to DeafBlind Ontario Foundation (note 12)	—	1,302,468
Amortization of property and equipment	1,442,734	1,213,451
	<u>21,379,646</u>	<u>21,701,499</u>
Deficiency of revenue over expenses	<u>\$ (29,932)</u>	<u>\$ (399,438)</u>

See accompanying notes to financial statements.

DEAFBLIND ONTARIO SERVICES

Statement of Community Donation Fund Revenue and Expenses

Year ended March 31, 2022, with comparative information for 2021

	2022	2021 (Unaudited - note 14)
Revenue:		
Fundraising activities (note 11)	\$ 42,773	\$ 388,104
Donations	10,000	—
Other	—	886
	<u>52,773</u>	<u>388,990</u>
Expenses:		
Operating	74,098	596
Fundraising activities	650	—
Contributions to DeafBlind Ontario Foundation (note 12)	—	986,975
	<u>74,748</u>	<u>987,571</u>
Deficiency of revenue over expenses	<u>\$ (21,975)</u>	<u>\$ (598,581)</u>

See accompanying notes to financial statements.

DEAFBLIND ONTARIO SERVICES

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

				2022	2021
	Invested in property and equipment	Community Donation Fund (note 9)	Operating Fund	Total	Total (Unaudited - note 14)
Net assets, beginning of year	\$ 3,413,710	\$ 59,366	\$ (72,815)	\$ 3,400,261	\$ 3,921,299
Excess (deficiency) of revenue over expenses	–	(21,975)	(29,932)	(51,907)	25,595
Restricted fund transfers	–	19,607	(19,607)	–	–
Change in net assets invested in property and equipment (note 8)	(84,485)	–	84,485	–	–
Net assets, end of year	\$ 3,329,225	\$ 56,998	\$ (37,869)	\$ 3,348,354	\$ 3,946,894

See accompanying notes to financial statements.

DEAFBLIND ONTARIO SERVICES

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021 (Unaudited - note 14)
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (51,907)	\$ (1,016,166)
Items not involving cash:		
Amortization of property and equipment	1,442,734	1,213,451
Amortization of restricted fund transfers	(335,436)	(614,820)
Contribution to DeafBlind Ontario Foundation	–	1,302,468
Gain on disposal of property and equipment	(22,092)	–
Change in non-cash operating working capital:		
Accounts receivable	(109,375)	185,032
Prepaid expenses	43,790	(17,929)
Accounts payable and accrued liabilities	(272,489)	(142,880)
Deferred revenue	105,701	–
Government remittances payable	(235,105)	218,744
	<u>565,821</u>	<u>1,127,900</u>
Financing activities:		
Repayment of mortgage loans	(106,583)	(48,130)
Increase in forgivable loans	–	395,000
Net transfers from Community Donation Fund	2,368	613,333
Increase in unamortized restricted transfers	84,205	340,063
	<u>(20,010)</u>	<u>1,300,266</u>
Investing activities:		
Additions to property and equipment	(1,036,854)	(2,174,785)
Proceeds on disposal of property and equipment	58,417	–
	<u>(978,437)</u>	<u>(2,174,785)</u>
Increase (decrease) in cash	(432,626)	253,381
Cash, beginning of year	933,225	679,845
Cash, end of year	<u>\$ 500,599</u>	<u>\$ 933,226</u>
Supplemental cash flow information:		
Contribution of land to DeafBlind Ontario Foundation	\$ –	\$ 315,000
Contribution of buildings to DeafBlind Ontario Foundation	–	1,807,707
Transfer of mortgage loans to DeafBlind Ontario Foundation	–	(820,239)

See accompanying notes to financial statements.

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements

Year ended March 31, 2022

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, Deaf, hard of hearing or non-verbal 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.

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 presentation.

(b) Reporting controlled and related entity:

The Organization controls DeafBlind Ontario Foundation (the "Foundation") by virtue of the governance structure. The Organization has elected to not consolidate this entity and provides the required note disclosure in note 12.

(c) 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 individuals supported, 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, 2022

1. Significant accounting policies (continued):

(d) 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%

Leasehold improvements are amortized over the lesser of the term of the lease or their useful life. Construction in progress is not amortized until the asset is available for productive use.

Capital assets 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 capital assets are less than their net carrying amounts.

(e) 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.

(f) 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, 2022

1. Significant accounting policies (continued):

(g) 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:

	2022	2021 (Unaudited - note 14)
Cash	\$ 120,364	\$ 460,977
Accounts receivable	3,903	4,100
Prepaid expenses	1,113	–
Accounts payable and accrued liabilities	(68,382)	(405,711)
	<u>\$ 56,998</u>	<u>\$ 59,366</u>

3. Property and equipment:

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
				(Unaudited - note 14)
Land	\$ 1,753,810	\$ –	\$ 1,753,810	\$ 1,753,811
Buildings	7,760,146	4,186,807	3,573,339	3,955,280
Building improvements	8,231,737	4,027,838	4,203,899	4,444,957
Furnishings and equipment	1,234,667	462,957	771,710	558,507
Vehicles	1,566,593	1,052,178	514,415	687,916
Leasehold improvements	373,525	28,345	345,180	204,089
	<u>\$ 20,920,478</u>	<u>\$ 9,758,125</u>	<u>\$ 11,162,353</u>	<u>\$ 11,604,560</u>

Also see note 15, subsequent events related to assets held for sale at year end.

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

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, 2009 Craig Road, Innisfil, Ontario and 925 Water Street, Peterborough. 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 Lane, Barrie, Ontario, and the City of Peterborough has an interest on title for the land and building at 86 Earlwood Drive, Peterborough, Ontario.

4. Credit facility:

The Organization entered into a lending facility consisting of \$660,000 (2021 - \$510,000) available. The lending facility bears interest at prime rate plus 0.75% (2021 - 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, 2022, the Organization was in compliance with these covenants.

As at March 31, 2022, no amount (2021 - nil) has been advanced against this lending facility.

As at March 31, 2022, nil (2021 - \$130,000) of letters of credit were outstanding.

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

5. Mortgage loans:

Property	Due date	Monthly payment	Rate	2022	2021 (Unaudited - note 14)
7 Forestwood Lane, Barrie	November 30, 2041	\$ 2,429	4.25%	\$ 390,511	\$ 402,904
86 Earlwood Drive, Peterborough	November 28, 2043	1,270	3.85%	224,338	288,308
192 Hunter Street West, Peterborough	April 5, 2030	3,335	3.33%	280,613	310,834
				895,462	1,002,046
Less current portion				(50,918)	(50,149)
				\$ 844,544	\$ 951,897

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

2023	\$ 50,918
2024	52,706
2025	54,731
2026	56,746
2027	58,836
Thereafter	621,525
	\$ 895,462

The mortgages are secured by a general security agreement, which include 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 \$1,776,400 which represent a first charge on the underlying real properties located at 7 Forestwood Lane, 41 Ridgeview Crescent, 86 Earlwood Drive and 2009 Craig Road.

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

6. Forgivable loans:

Municipality/organization	Effective date	Term	2022	2021
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	250,000
City of Ottawa	December 31, 2018	35 years	763,110	763,110
CMHC Seed Funding	June 5, 2019	2 years	7,000	7,000
CMHC National Housing Co-Investment Fund	March 6, 2020	20 years	395,000	395,000
			\$ 4,824,539	\$ 4,824,539

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, 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 nil in funds (2021 - \$395,000).

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

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 capital assets. These restricted contributions are deferred and amortized into revenues on the same basis as the amortization of the purchased capital asset. The balances at year end consist of the following:

Unamortized Community Donation Fund restricted transfers:

	2022	2021
		(Unaudited - note 14)
Balance, beginning of year	\$ 560,877	\$ 629,873
Transfers from Community Donation Fund	–	22,995
Amortization	(87,687)	(91,991)
Balance, end of year	\$ 473,190	\$ 560,877

Unamortized Province of Ontario restricted transfers:

	2022	2021
		(Unaudited - note 14)
Balance, beginning of year	\$ 1,803,388	\$ 2,009,148
Additional restricted amounts received	84,205	317,069
Amortization	(247,749)	(522,830)
Balance, end of year	\$ 1,639,844	\$ 1,803,387

8. Net assets invested in property and equipment:

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

	2022	2021
		(Unaudited - note 14)
Net book value	\$ 11,162,353	\$ 11,604,560
Mortgage loans used for purchases	(895,555)	(1,002,046)
Forgivable loans used for purchases	(4,824,539)	(4,824,539)
Unamortized Community Donation Fund restricted transfers	(473,190)	(560,877)
Unamortized Province of Ontario restricted transfers	(1,639,844)	(1,803,388)
Net assets invested in property and equipment	\$ 3,329,225	\$ 3,413,710

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

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

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

	2022	2021 (Unaudited - note 14)
Purchases	\$ 1,036,854	\$ 2,174,785
Amortization of property and equipment	(1,442,734)	(1,126,031)
Disposals	(36,326)	(2,122,707)
Amortization of restricted fund transfers	335,436	559,050
Restricted fund transfers	(84,205)	(296,964)
Loan activity for loans used to purchase property and equipment	106,490	444,203
Change in net assets invested in property and equipment	\$ (84,485)	\$ (367,664)

9. Lease commitments:

Future minimum annual commitments are as follows:

2022	\$ 262,000
2023	215,000
2024	119,000
2025	5,000

10. Economic dependence:

The Organization receives 91% (2021 - 90%) of its revenue from the Province of Ontario. The Organization's continuing operations are dependent on the continuance of these grants.

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. Risk management:

The COVID-19 outbreak was declared a pandemic by World Health Organization and has had a significant financial, market and social dislocating impact. This has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption in Canada to fundraising efforts. Management has taken measures to manage this risk and is actively monitoring the situation to minimize the impact to the Organization. Programming and supplies include \$27,622 (2021 - \$84,419), and repairs and maintenance include nil (2021 - \$4,480) of COVID-19 related expenses.

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 in the risk exposure since 2021.

12. Related party transactions and balances:

During the year, the Organization paid for and charged back certain expenses and administrative services on behalf of the Foundation. The Foundation also rents office space from the Organization for a fee. Included in other revenue is \$1,846 (2021 - \$6,820) related to rental of office space. Included in accounts receivable is \$133,549 (2021 - 123,153) of amounts due from the Foundation.

Effective April 1, 2020, the Organization entered into various lease agreements with the Foundation to rent these properties and provide certain administrative support services to the Foundation in exchange for a service fee at an exchange amount agreed upon by both parties. Included in rent expense is \$90,000 (2021 - \$90,000) paid to the Foundation during the year.

During the year, DeafBlind Ontario Foundation contributed \$57,000 (2021 - nil) to the Organization towards a mortgage payment.

In the prior year, the Organization contributed \$358,478 (2021 - \$358,478) of restricted contributions to the Foundation.

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

12. Related party transactions and balances (continued):

Amounts due to/from DeafBlind Ontario Foundation are unsecured, non interest bearing with no fixed terms of repayment. Transactions are measured at the exchange amount of consideration established and agreed to by the related parties.

A summary of the financial information for the Foundation for the year ended March 31, 2022 is as follows:

	2022	2021
Statement of financial position:		
Total assets	\$ 3,731,651	\$ 3,604,005
Total liabilities	2,464,578	2,461,355
Net assets	\$ 1,267,073	\$ 1,142,650
Statement of revenue and expenses:		
Revenue	\$ 474,262	\$ 1,153,222
Expenses	349,839	325,572
Excess of revenue over expenses	\$ 124,423	\$ 827,650
Statement of cash flows:		
Cash flows from operating activities	\$ 495,134	\$ 1,143,312
Cash flows used in investing activities	–	(616,456)
Cash flows used in financing activities	(35,191)	(35,192)

13. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

14. Amalgamation:

On April 1, 2021, by Letters Patent of Amalgamation, DeafBlind Ontario Services and Array Community Support Services were amalgamated under the laws of Ontario, and continue under the amalgamated name DeafBlind Ontario Services.

The amalgamated corporation is a not-for-profit organization incorporated without share capital under the laws of the Province of Ontario. The amalgamated organization is a registered charity that helps individuals who are deafblind, deaf, hard of hearing or non-verbal to increase their independence and improve their quality of life through specialized services.

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

14. Amalgamation (continued):

The amalgamated corporation possesses all of the property, rights, privileges and franchises and is subject to all of the liabilities, and all contracts and debts of each of the amalgamating corporations.

The financial statements are presented as a combination of both merging entities. Prior period comparative are also presented showing the combined results as though the entities have always been part of the same amalgamated entity.

All transaction costs associated with the merger are charged as an expense

A summary of the principal components of the statement of financial position of each party to the merger, as at the date of the merger is provided below:

The results for the year ended March 31, 2021 are those of the amalgamated entity from the date of the transaction, April 1, 2021. The unaudited comparative period was combined as if Deafblind Ontario Services and Array Community Support Services had always been combined.

Statement of financial position:

As at March 31, 2021	Array DeafBlind Ontario Services	Community Support Services	Total
Current assets	\$ 1,136,213	\$ 554,922	\$ 1,691,135
Community Donation Fund net assets	59,366	–	59,366
Capital assets	10,745,520	859,040	11,604,560
	<u>\$ 11,941,099</u>	<u>\$ 1,413,962</u>	<u>\$ 13,355,061</u>
Current liabilities	\$ 1,370,374	\$ 443,726	\$ 1,814,100
Long-term liabilities	5,495,993	280,443	5,776,436
Deferred contributions	1,867,702	496,562	2,364,264
	8,734,069	1,220,731	9,954,800
Net assets	3,207,030	193,231	3,400,261
	<u>\$ 11,941,099</u>	<u>\$ 1,413,962</u>	<u>\$ 13,355,061</u>

DEAFBLIND ONTARIO SERVICES

Notes to Financial Statements (continued)

Year ended March 31, 2022

14. Amalgamation (continued):

As at March 31, 2021	Deafblind Ontario Services	Community Donation Fund	Array Community Support Services	Total
Revenue	\$ 17,987,753	\$ 388,990	\$ 3,314,308	\$ 21,691,051
Expenses	18,129,036	987,571	3,590,610	22,707,217
Deficiency of revenue over expenses	\$ (141,283)	\$ (598,581)	\$ (276,302)	\$ (1,016,166)

15. Subsequent event:

On April 20, 2022, the Organization entered into a sale and purchase agreement with a third party for the disposal of a property located at 192 Hunter Street West for a cash consideration of \$2,000,000. The disposal is expected to be completed by May 31, 2022.