Financial Statements of

DEAFBLIND ONTARIO FOUNDATION

And Independent Auditor's Report thereon

Year ended March 31, 2024

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Deafblind Ontario Foundation

Qualified Opinion

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

- the statement of financial position as at March 31, 2024
- the statement of 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 auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024, 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.

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

- the current assets reported in the statement of financial position as at March 31, 2024
- the donations revenue and excess of revenue over expenses reported in the statement of revenue and expenses for the year ended March 31, 2024

- the fund balances, at the beginning and end of the year, reported in the statement of changes in net assets for the year ended March 31, 2024
- the excess of revenue over expenses reported in the statement of cash flows for the year ended March 31, 2024.

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 auditor's 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.

Other Information

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

- the information, other than the financial statements and the auditor's report thereon, included in the Annual Report 2024.

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 auditor's report thereon, included in the Annual Report 2024 as at the date of this auditor's report.

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

We have nothing to report in this regard.

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.

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 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 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 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, 2024

DEAFBLIND ONTARIO FOUNDATION

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	$ 643,499	$ 1,037,687
Accounts receivable	5,113	4,761
Due from DeafBlind Ontario Services (note 8)	58,528	49,829
Prepaid expenses	14,883	9,698
	722,023	1,101,975
Investments (note 2)	574,684	472,090
Capital assets (note 3)	3,302,003	3,449,946
	$ 4,598,710	$ 5,024,011
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	$ 94,213	$ 108,827
Government remittances payable	–	219
Deferred revenue	261,291	761,969
Mortgage loans - current portion (note 4)	42,511	38,539
	398,015	909,554
Mortgage loans (note 4)	1,813,111	1,869,690
Unamortized restricted capital contributions (note 5)	789,976	839,349
Net assets:		
Invested in capital assets (note 6)	656,405	702,368
Internally Restricted Fund (note 7)	782,599	472,090
Operating Fund	158,604	230,960
	1,597,608	1,405,418
	$ 4,598,710	$ 5,024,011

See accompanying notes to financial statements.

On behalf of the Board:

Martha Beaumont ____________________ Director

____________________ Director

DEAFBLIND ONTARIO FOUNDATION

Statement of Revenue and Expenses

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Fundraising activities	$ 35,755	$ 102,583
Donations	974,874	360,137
Contributions from DeafBlind Ontario Services (note 8)	133,045	39,447
Other (note 8)	223,872	157,176
Amortization of restricted capital contributions (note 5)	49,373	49,373
Investment income (loss)	50,326	(10,254)
	1,467,245	698,462
Expenses:		
Operating (note 8)	156,948	204,991
Amortization of capital assets	147,943	119,373
Fundraising activities	63,832	24,687
Interest	127,668	78,141
Contributions to DeafBlind Ontario Services (note 8)	778,664	132,925
	1,275,055	560,117
Excess of revenue over expenses	$ 192,190	$ 138,345

See accompanying notes to financial statements.

DEAFBLIND ONTARIO FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2024, with comparative information for 2023

	Invested in capital assets	Internally Restricted Fund	Operating Fund	2024 Total	2023 Total
Net assets, beginning of year	$ 702,368	$ 472,090	$ 230,960	$ 1,405,418	$ 1,267,073
Excess (deficiency) of revenue over expenses	(98,570)	–	290,760	192,190	138,345
Restricted fund transfers (note 7)	–	310,509	(310,509)	–	–
Change in net assets invested in capital assets (note 6)	52,607	–	(52,607)	–	–
Net assets, end of year	$ 656,405	$ 782,599	$ 158,604	$ 1,597,608	$ 1,405,418

See accompanying notes to financial statements.

DEAFBLIND ONTARIO FOUNDATION

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 192,190	$ 138,345
Items not involving cash:		
Amortization of capital assets	147,943	119,373
Amortization of deferred capital contributions	(49,373)	(49,373)
Unrealized gain on investments	(57,209)	(26,484)
Change in non-cash operating working capital:		
Accounts receivable	(352)	1,454
Due from DeafBlind Ontario Services	(8,699)	(8,221)
Prepaid expenses	(5,185)	(3,087)
Accounts payable and accrued liabilities	(14,614)	(42,863)
Government remittances payable	(219)	(165)
Deferred revenue	(500,678)	88,043
	(296,196)	217,022
Financing activities:		
Repayments of mortgage loans	(52,607)	(41,626)
Increase in mortgage loans	–	1,199,999
	(52,607)	1,158,373
Investing activities:		
Net additions to capital assets	–	(1,627,376)
Net change in investments	(45,385)	338,061
	(45,385)	(1,289,315)
Increase (decrease) in cash and cash equivalents	(394,188)	86,080
Cash and cash equivalents, beginning of year	1,037,687	951,607
Cash and cash equivalents, end of year	$ 643,499	$ 1,037,687

See accompanying notes to financial statements.

DeafBlind Ontario Foundation (the "Foundation") is a registered charity registered as a public foundation with the Canada Revenue Agency. The Foundation is a not-for-profit organization and was incorporated without share capital under the laws of the province of Ontario on April 12, 2019. The Foundation commenced operations on April 1, 2020. The Foundation had no financial activity between April 12, 2019 and April 1, 2020. The Foundation was established to provide specially adapted supported living homes, assistive devices and equipment, and fund recreational programs to people who are Deaf, hard of hearing, non-verbal and deafblind, as well as inspire investment in the future of individuals with deafblindness.

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 deferral method of revenue recognition.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisitions. These financial assets are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(c) Revenue recognition:

Revenue from donations and fundraising activities are recorded when collected.

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

Donations received to purchase capital assets are deferred and amortized in the statement of revenue and expenses on the same basis as the related capital assets amortized.

Rental income is recognized in accordance with the underlying lease terms. To the extent that rent include free-rent periods and rental increases over the term of the lease, income is recognized on a straight-line basis over the term of the lease.

1. Significant accounting policies (continued):

(d) Capital assets:

Capital assets 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%

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 Foundation's ability to provide services, or that the value of future economic benefits or service potential associated with the capital asset are less than their net carrying amounts.

(e) Donated capital assets, materials and services:

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

Donated materials are recorded at fair values at the time of receipt when fair values can be reasonably estimated, the items are used in operations and would otherwise have been purchased if not donated.

(f) Financial instruments:

Financial assets and liabilities are recognized when the Foundation becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights and obligations to receive or repay cash flows from the assets and liabilities have expired or have been transferred and the Foundation has transferred substantially all the risks and rewards of ownership.

Financial instruments are recorded at fair value on initial recognition and subsequently at amortized cost except for investments, which are recorded at fair value. Changes in fair value are recognized in the statement of revenue and expenses.

1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines whether there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of: (i) the present value of the expected cash flows; (ii) the amount that could be realized from selling the financial asset; or (iii) the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value. Impairments are recognized through the use of an allowance account, with a corresponding charge in the statement of revenue and expenses.

(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. Investments:

	2024	2023
Fixed income GICs	$ 248,395	$ 45,785
Fixed income securities	19,541	14,602
Canadian equities	107,890	75,723
U.S. equities	114,268	73,616
Foreign equities	84,590	37,364
Cashable GICs	–	225,000
	$ 574,684	$ 472,090

The GICs bear interest ranging from 4.64% to 5.17% and expire between September 2024 and February 2027 (2023 - 3.35% to 5.10% and expire between November 2023 and December 2024).

3. Capital assets:

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land	$ 791,157	$ –	$ 791,157	$ 791,157
Buildings	2,958,926	448,080	2,510,846	2,658,789
	$ 3,750,083	$ 448,080	$ 3,302,003	$ 3,449,946

4. Mortgage loans:

Property	Due date	Monthly payment	Rate	2024	2023
4681 Guy Avenue, Hanmer	May 1, 2042	$ 1,847	6.31%	$ 241,446	$ 248,290
1179 Notre Dame, Embrun	November 28, 2043	1,695	6.76%	223,322	228,608
4707 Jacqueline Street, Hanmer	June 6, 2044	1,731	6.34%	238,563	244,167
1133 King Street East, Oshawa	August 31, 2047	5,435	6.39%	785,318	813,797
575 Westmount Avenue, Sudbury	November 30, 2047	2,492	6.41%	366,973	373,367
				1,855,622	1,908,229
Less current portion				42,511	38,539
				$ 1,813,111	$ 1,869,690

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

2025	$ 42,511
2026	45,135
2027	48,072
2028	50,910
2029	54,514
Thereafter	1,614,480
	$ 1,855,622

4. Mortgage loans (continued):

The mortgages are secured by a general security agreement, which include a general security agreement representing a first charge on all Foundation's present and after acquired personal property. In addition, the security requires an assignment of rent and leases as well as fire and liability insurance. Furthermore, the mortgages are secured by continuing collateral mortgages in the aggregate principal amount of $2,075,599 which represent a first charge on the underlying real properties located at 4681 Guy Avenue, 4707 Jacqueline Street, 1179 Notre Dame, 1133 King Street East and 575 Westmount Avenue.

5. Unamortized restricted capital contributions:

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

	2024	2023
Balance, beginning of year	$ 839,349	$ 888,722
Amortization	(49,373)	(49,373)
Balance, end of year	$ 789,976	$ 839,349

6. Net assets invested in capital assets:

The net assets invested in capital assets consist of the following:

	2024	2023
Net book value	$ 3,302,003	$ 3,449,946
Mortgage loans assumed	(1,855,622)	(1,908,229)
Unamortized restricted capital contributions	(789,976)	(839,349)
Net assets invested in capital assets	$ 656,405	$ 702,368

6. Net assets invested in capital assets (continued):

The change in net assets invested in capital assets is calculated as follows:

	2024	2023
Loan activity for loans used to purchase capital assets	$ 52,607	$ (1,158,373)
Purchases	–	1,627,376
Change in net assets invested in capital assets	$ 52,607	$ 469,003

7. Internally restricted funds:

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

(a) Contingent Restricted Fund:

This fund was established to support DeafBlind Ontario Services and the Foundation'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, non-recurring expenses that will build long-term capacity, such as investment in new and existing infrastructure.

In accordance with the agreements between DeafBlind Ontario Services with Canada Mortgage and Housing Corporation and with Investment in Affordable Housing, a Replacement Reserve Fund has been established by the Foundation. The Replacement Reserve Funds are a part of the strategic restricted funds and are funded by an annual transfer of funds from the operating funds.

7. Internally restricted funds (continued):

These internally restricted funds balances as at March 31, are as follows:

	2024	2023
Contingent restricted fund	$ 261,000	$ 225,000
Strategic restricted fund	521,599	247,090
	$ 782,599	$ 472,090

During the year, the Board of Directors approved a transfer from the Operating Fund to the Contingent Restricted Fund and to the Strategic Restricted Fund of $36,000 and $274,509, respectively.

8. Related party transactions and balances:

The Foundation is controlled by DeafBlind Ontario Services by virtue of the governance structure.

Effective April 1, 2020, DeafBlind Ontario Services 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 other income is $162,000 (2023 - $123,000) rental income received from DeafBlind Ontario Services during the year.

The Foundation paid $16,072 (2023 - nil) to DeafBlind Ontario Services for service fees which is included in operating expenses.

During the year, DeafBlind Ontario Services contributed $133,045 (2023 - $39,447) of restricted contributions to the Foundation.

During the year, the Foundation contributed to DeafBlind Ontario Services $35,493 (2023 - $132,925) towards expenses and $743,171 (2023 - nil) towards capital purchases which are included in fundraising activities.

During the year, on behalf of the Foundation, DeafBlind Ontario Services paid for and charged back certain expenses and administrative services. Included in accounts payable and accrued liabilities is $46,704 (2023 - $76,774) of amounts due to DeafBlind Ontario Services.

8. Related party transactions and balances (continued):

In addition, an amount of $58,528 (2023 - $49,829) is payable from DeafBlind Ontario Services-Community Donation Fund.

Amounts due to/from DeafBlind Ontario Services 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.

9. Risk management:

(a) Interest rate risk:

The Foundation's mortgage loans have fixed rates (note 4). As a result, the Foundation is not exposed to interest rate risk due to fluctuations in the variable rates.

(b) Liquidity risk:

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

(c) Market price risk:

Market price risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the Foundation to a risk of loss. The Foundation mitigates this risk through controls to monitor and limit concentration levels.

There have been no significant changes in risk profile as compared to fiscal 2023.

10. Comparative information:

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