

DURHAM DEAF SERVICES INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025



**Smith
Chappell
Marsh
Vilander LLP**

*H. Howard Smith, FCPA (Retired)
Richard A. Chappell, CPA, CA (Retired)
Deborah L. Marsh, CPA, CA
Vesa K. Vilander, CPA, CA*

INDEPENDENT AUDITOR'S REPORT

**To the Members of
Durham Deaf Services Inc.**

Qualified Opinion

We have audited the financial statements of Durham Deaf Services Inc. (the Organization), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, changes in net assets and cash flows for the years then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2025, and the results of its operations and its cash flows for the years then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives part of its revenue from sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues with the exception of grants and interest, was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses and cash flows from operations for the years ended March 31, 2025 and 2024, current assets as at March 31, 2025 and 2024, and net assets as at April 1 and March 31 for both the 2025 and 2024 years.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audits 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted 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 Organization'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 Organization'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 Organization 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Smith Chappell Mansel Villander LLP

May 20, 2025
Oshawa, Ontario

Chartered Professional Accountants
Licensed Public Accountants

DURHAM DEAF SERVICES INC.

(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE LAWS OF THE PROVINCE OF ONTARIO)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2025

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Current		
Cash	\$ 27,130	\$ 76,603
Short term investments	410,683	606,045
Accounts receivable	5,697	16,184
Prepaid expenses	3,700	3,700
	<u>447,210</u>	<u>702,532</u>
Capital (Note 3)	<u>7,992</u>	<u>9,768</u>
	<u>\$ 455,202</u>	<u>\$ 712,300</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 4,621	\$ 60,957
Government remittances	3,799	6,308
Deferred revenue (Note 4)	2,777	117,659
	<u>11,197</u>	<u>184,924</u>
<u>NET ASSETS</u>		
Invested in Capital Assets	7,992	9,768
Internally restricted (Note 5)	357,552	569,000
Unrestricted (Deficit)	78,461	(51,392)
	<u>444,005</u>	<u>527,376</u>
	<u>\$ 455,202</u>	<u>\$ 712,300</u>

Approved by the Board of Directors:

DURHAM DEAF SERVICES INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2025

	<u>2025</u>	<u>2024</u>
Revenues		
Grants - Ministry of Labour, Immigration, Training and Skills Development	\$ 157,462	\$ 157,462
- MLITSD Training Support	8,000	8,000
- MLITSD American Sign Language Fund	5,930	3,700
- Skills For Success Project	-	180,021
- Human Resources Development Canada	28,266	14,206
- Durham Community Foundation	2,500	1,744
- Passport	5,177	-
- Deaf Literacy Initiative Deaf Can Project	-	9,100
- New Horizons for Seniors	25,000	-
- Community Services Recovery Fund	64,396	35,531
Fees for services	28,150	25,708
Donations	8,365	30,767
Fundraising events	28,175	30,956
Interest and miscellaneous	14,136	21,517
Unrealized gain (loss) on investments	34,103	29,785
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	409,660	548,497
Expenses - Schedule A	493,031	611,549
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EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	\$ (83,371)	\$ (63,052)
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DURHAM DEAF SERVICES INC.**SCHEDULE A****STATEMENT OF EXPENSES****FOR THE YEAR ENDED MARCH 31, 2025**

	<u>2025</u>	<u>2024</u>
Advertising and promotion	\$ 1,271	\$ 577
Amortization	1,776	2,438
Building maintenance	6,648	1,800
Fundraising	6,033	7,994
Insurance	3,915	3,845
Interpretation fees	44,066	78,474
Office and general	36,698	48,834
Professional development	362	708
Professional fees	24,534	8,460
Rent	48,700	51,850
Resource Centre	5,966	13,228
Salaries and benefits	292,427	371,445
Telephone	1,235	1,343
Training and workshop	2,348	4,081
Training support	7,759	13,808
Travel	9,293	2,664
	<u>\$ 493,031</u>	<u>\$ 611,549</u>

DURHAM DEAF SERVICES INC.

STATEMENT OF CHANGES IN NET ASSETS(DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2025

	Invested in Capital <u>Assets</u>	<u>Unrestricted</u>	<u>Total 2025</u>	<u>Total 2024</u>
Opening balance (deficit)	\$ 9,768	\$ (51,392)	\$ (41,624)	\$ (30,572)
Excess of revenues over expenses (expenses over revenues)	(1,776)	(81,595)	(83,371)	(63,052)
Transfer from internally restricted fund (Note 5)	-	211,448	211,448	52,000
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Closing balance (deficit)	\$ 7,992	\$ 78,461	\$ 86,453	\$ (41,624)
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DURHAM DEAF SERVICES INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2025

	<u>2025</u>	<u>2024</u>
Operating Activities		
Excess of revenues over expenses (expenses over revenues)	\$ (83,371)	\$ (63,052)
Charges to income not involving cash:		
Amortization - capital assets	1,776	2,438
Net change in non-cash working capital balances related to operations (Note 6)	(163,240)	125,179
	<u>(244,835)</u>	<u>64,565</u>
Change in Cash and Cash Equivalents During the Year	(244,835)	64,565
Cash and Cash Equivalents at Beginning of Year	<u>682,648</u>	<u>618,083</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 437,813</u></u>	<u><u>\$ 682,648</u></u>
Cash and Cash Equivalents Consist of:		
Cash	\$ 27,130	\$ 76,603
Short term investments - Guaranteed Investment Certificates	53,078	288,211
- Mutual Funds	357,605	317,834
	<u><u>\$ 437,813</u></u>	<u><u>\$ 682,648</u></u>

DURHAM DEAF SERVICES INC.

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2025

1. Status and Nature of Activities

Durham Deaf Services Inc. is a registered charity which is exempt from income tax under the Income Tax Act. The organization was incorporated by Letters Patent issued May 31, 1982 as a corporation without share capital for the purpose of catering to the needs of Deaf, deafened and hard of hearing communities.

2. Significant Accounting Policies

The financial statements were prepared in accordance with Canadian Accounting Standards For Not-for-Profit Organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

(a) Revenue Recognition

Durham Deaf Services Inc. follows the deferral method of accounting for contributions. 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.

Fundraising revenues are recorded in the year the event is held.

Fees for services are recorded in the year the program is held.

Grants are recorded in the period in which they are received unless they are given for a specific purpose or time. Funding given for a future year or a project to be completed in a future year is recorded as revenue in the designated year.

(b) Capital Assets

Capital assets are recorded at cost and amortized over their estimated useful life using the straight-line method at the following annual rates:

Computer hardware	1/3
Furniture and equipment	1/3
Leasehold improvements	1/10

DURHAM DEAF SERVICES INC.

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2025

2. Significant Accounting Policies (continued)

(c) Donated Services

Durham Deaf Services Inc. would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

(d) 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

(e) Financial Instruments

Measurement of financial instruments

The organization initially measures its financial assets at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and short term investments in guaranteed investment certificates.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities and government remittances.

The organization measures short term investments invested in mutual funds at fair value.

DURHAM DEAF SERVICES INC.

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2025

2. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

Impairment

Financial assets measured at cost are tested for impairment annually. When there are indicators of impairment, the amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

(f) Allocation of Expenses

The organization provides various programs on behalf of several funding partners. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The organization also incurs a number of general support expenses that are common to the administration of the organization and each of its programs.

The organization allocates certain of its general support expenses by identifying the appropriate basis of allocating each component. The organization allocates these expenses to the projects in accordance with the approved budgets.

3. Capital Assets

Capital assets are stated as follows:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2025 Net</u>	<u>2024 Net</u>
Computer hardware	\$ 37,252	\$ 37,252	\$ -	\$ -
Furniture and equipment	2,827	2,827	-	-
Leasehold improvements	17,760	9,768	7,992	9,768
	<u>\$ 57,839</u>	<u>\$ 49,847</u>	<u>\$ 7,992</u>	<u>\$ 9,768</u>

DURHAM DEAF SERVICES INC.

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2025

4. Deferred Revenue

Revenues earned are recognized as the expenses relating to these funds are incurred. The unearned portion of these funds are recorded on the Statement of Financial Position as deferred revenue.

	<u>2025</u>	<u>2024</u>
Opening balance	\$ 117,659	\$ 3,472
Add: Amounts received related to future periods	20,439	161,829
Less: Amounts recognized as revenue in the year	(135,321)	(47,642)
Closing balance	<u>\$ 2,777</u>	<u>\$ 117,659</u>

5. Internally Restricted Funds

The Board of Directors has established an internally restricted fund to provide the organization with a reserve of cash for years when funding is not sufficient to cover operating costs. These internally restricted funds are only available with prior approval of the Board of Directors.

	<u>2025</u>	<u>2024</u>
Opening balance	\$ 569,000	\$ 621,000
Transfers from operating during the year	-	-
Transfers to operating during the year	(211,448)	(52,000)
Closing balance	<u>\$ 357,552</u>	<u>\$ 569,000</u>

DURHAM DEAF SERVICES INC.

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2025

6. Cash Provided From (Used For) Working Capital

Cash otherwise available from operating activities is influenced by increases or decreases in the following items:

	<u>2025</u>	<u>2024</u>
Accounts receivable	\$ 10,487	\$ (11,521)
Prepaid expenses	-	3,900
Government remittances	(2,509)	2,740
Accounts payable	(56,336)	55,873
Loans Payable	-	(40,000)
Deferred revenue	(114,882)	114,187
	<u>\$ (163,240)</u>	<u>\$ 125,179</u>

7. Ministry of Labour, Training and Skills Development

Expenses pertaining to Ministry of Labour, Immigration, Training, and Skills Development funding, as allocated by management, are included on Schedule A as follows:

	<u>2025</u>	<u>2024</u>
Advertising and promotion	\$ 522	\$ 469
Amortization	888	1,241
Insurance	2,993	2,937
Interpretation fees	-	2,206
Office and general	4,610	5,204
Professional development	-	-
Professional fees	4,069	3,764
Rent	38,400	38,400
Salaries and benefits	148,995	137,230
Telephone	1,689	3,000
Training and workshop	-	300
Travel	279	1,665
	<u>\$ 202,445</u>	<u>\$ 196,416</u>

DURHAM DEAF SERVICES INC.

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2025

8. Financial Instruments

Risks and concentrations

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations at March 31, 2025.

Liquidity risk

Liquidity risk is defined as the risk that the organization may not be able to meet or settle its obligations as they become due. The organization has taken steps to ensure that it will have sufficient working capital to meet its obligations.

Credit risk

Credit risk arises from the potential that counterparties including clients will fail to perform their obligations. The organization is subject to credit risk through their receivables. Account monitoring procedures are utilized to minimize risk of loss.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Investments are primarily exposed to interest rate and other price risk. The organization has formal policies and procedures that establish target asset mix.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. The organization is exposed to the risk with its short term investments. The organization has formal policies and procedures that establish target asset mix.

Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the markets. The organization is exposed to the risk with its short term investments. The organization has formal policies and procedures that establish target asset mix.

DURHAM DEAF SERVICES INC.

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2025

9. Economic Dependence

In common with other publicly funded agencies, the organization derives the majority of its revenue from the Province of Ontario through the Ministry of Labour, Immigration, Training and Skills Development. Without this assistance it would be difficult for the organization to maintain its present level of service.

10. Commitments

The organization has entered into a one year lease for premises which started January 31, 2025 and expires January 31, 2026. The minimum rent payments are as follows

2025	\$40,000
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11. Subsequent event

The organization is in receipt of a notice of claim, the outcome of which is not determinable at the reporting date of the financial statements. It is the opinion of management that the resolution will not have a material adverse effect on the organization's financial position or results of its operations.

Subsequent to the year end Durham Deaf Services has merged with (through an Asset Transfer and Assumption of Liabilities Agreement), and become a division of Silent Voice Canada.