Financial Statements of

CANADIAN COUNCIL OF THE BLIND

Year ended December 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Directors of the Canadian Council of the Blind

We have audited the accompanying financial statements of the Canadian Council of the Blind, which comprise the statement of financial position as at December 31, 2017, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Council of the Blind as at December 31, 2017, and its results of operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

May 11, 2018

CANADIAN COUNCIL OF THE BLIND

Statement of Financial Position

December 31, 2017, with comparative information for 2016

		2017		2016
Assets				
Current assets:				
Cash	$	248,464	$	213,011
Amounts receivable		40,569		49,234
Prepaid expenses		19,233		24,167
		308,266		286,412
Investments (note 2)		309,459		310,549
Tangible capital and intangible assets (note 3)		71,285		158,497
	$	689,010	$	755,458
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accrued liabilities (note 4)	$	162,395	$	144,752
Deferred revenue (note 5)		60,615		58,570
		223,010		203,322
Deferred capital contributions (note 6)		57,327		125,209
Lease inducement		-		13,200
Fund balances:				
Capital fund		84,852		33,288
Unrestricted - General fund		323,821		380,439
		408,673		413,727
Commitments and guarantee (note 8)				
	$	689,010	$	755,458

See accompanying notes to financial statements.

On behalf of the Board:

_______________________________ Director

_______________________________ Director

CANADIAN COUNCIL OF THE BLIND

Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Donations:		
Donations - Special Campaign	$ 2,164,162	$ 2,211,957
Donations - White Cane	94,110	96,300
Donations - Other	74,969	70,253
Projects, grants and contributions:		
Eye Health Program	137,155	76,170
Other grants	49,135	81,183
Government of Canada - Sustaining Grant	41,250	41,250
Fundraising	2,197	16,477
Membership fees	15,680	15,150
Investment	3,079	3,181
Rental income	6,858	10,301
Amortization of deferred capital contributions	8,136	13,868
Amortization of leasehold inducement	-	1,467
	2,596,731	2,637,557
Expenses:		
Project and program:		
Membership awareness campaign	998,613	981,925
Future vision and eye health	252,266	260,559
Chapter support	328,375	247,022
Special campaign - professional fees	291,391	430,100
Skills and training development	244,957	236,714
White Cane	103,330	112,668
Public education and awareness	22,956	33,408
Accessibility and advocacy	41,589	38,634
Sports, recreation and bonspiel	37,464	26,622
World Blind Union	4,455	10,969
	2,325,396	2,378,621
General operating:		
Salaries and benefits	142,164	129,064
Administration	107,159	109,943
Rent and parking	45,332	47,103
Legal and professional fees	22,060	23,869
Amortization of tangible capital and intangible assets	16,845	22,886
	333,560	332,865
	2,658,956	2,711,486
Loss before the undernoted	(62,225)	(73,929)
Insurance recovery (note 10)	57,171	-
Deficiency of revenue over expenses	$ (5,054)	$ (73,929)

See accompanying notes to financial statements.

CANADIAN COUNCIL OF THE BLIND

Statement of Changes in Fund Balances

Year ended December 31, 2017, with comparative information for 2016

	Capital fund	General fund	Total 2017	Total 2016
Fund balances, beginning of year	$ 33,288	$ 380,439	$ 413,727	$ 487,656
Deficiency of revenue over expenses	-	(5,054)	(5,054)	(73,929)
Amortization of deferred capital contributions	8,136	(8,136)	-	-
Purchase of tangible capital and intangible assets	60,273	(60,273)	-	-
Amortization of tangible capital and intangible assets	(16,845)	16,845	-	-
Fund balances, end of year	$ 84,852	$ 323,821	$ 408,673	$ 413,727

See accompanying notes to financial statements.

CANADIAN COUNCIL OF THE BLIND

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash flows from operating activities:		
Deficiency of revenue over expenses	$ (5,054)	$ (73,929)
Items not involving cash:		
Amortization of tangible capital and intangible assets	16,845	22,886
Amortization of deferred capital contributions	(8,136)	(13,868)
Change in non-cash operating working capital:		
Amounts receivable	8,665	(14,212)
Prepaid expenses	4,934	2,755
Accounts payable and accrued liabilities	17,643	6,997
Deferred revenue	2,045	(10,056)
Lease inducement	(13,200)	(1,467)
Deferred capital contributions, net	(59,746)	-
	(36,004)	(80,894)
Cash flows from financing activities:		
Net disposals (additions) to investments	1,090	(3,020)
Cash flows from investing activities:		
Purchase of tangible capital and intangible assets	(60,273)	(8,411)
Disposal of tangible capital assets	130,640	-
	70,367	(8,411)
Increase (decrease) in cash	35,453	(92,325)
Cash, beginning of year	213,011	305,336
Cash, end of year	$ 248,464	$ 213,011

See accompanying notes to financial statements.

The Canadian Council of the Blind (the “Council”) is a registered charitable organization and was inaugurated in 1944 as an organization of clubs of blind persons across Canada.

The Council was incorporated under the Canada Corporations Act, without share capital, in May 1950. Effective November 29, 2013, the Council continued their articles of incorporation from the Canada Corporations Act to the Canada Not-for-profit Corporations Act. The Council is a registered charity and is exempt from tax pursuant to paragraph 149(1)(f) of the Income Tax Act (Canada).

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The Council follows the deferral fund method of accounting for contributions for not-for-profit organizations.

These financial statements reflect the operations of the Canadian Council of the Blind only and do not include the revenue, expenses, assets and liabilities of Provincial Divisions or other Chapters of the Council.

(b) Fund accounting:

The General Fund accounts for the Council’s program delivery and administrative activities.

The Capital Fund accounts for the Council's investment in tangible capital and intangible assets.

(c) Revenue recognition:

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest revenue and realized gains and losses on investments are recognized in the year earned. Unrealized gains and losses on investments are recorded in the year in which they occur.

1. **Significant accounting policies (continued):**

(c) Revenue recognition (continued):

Membership fees and miscellaneous income are recognized as revenue in the year to which they relate.

(d) Tangible capital and intangible assets:

Tangible capital and intangible assets are carried at cost less accumulated amortization. Amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Useful life
Tangible capital assets:	
Computer hardware	5 years
Office equipment	5 years
Leasehold improvements	Term of the lease plus first renewal
Intangible assets:	
Computer software	5 years

When a tangible capital or intangible asset no longer contributes to the Council's ability to provide services, its carrying amount is written down to its residual value.

(e) Deferred capital contributions:

Contributions restricted for the purchase of tangible capital assets are deferred and amortized into revenue on a straight-line basis, at rates corresponding with the amortization rates for the related tangible capital assets.

(f) Expenses:

In the statement of operations, the Council presents its expenses in two functions: Project and Program and General Operating.

Expenses are recognized in the year incurred and are recorded in the function to which they are directly related. The Council does not allocate expenses between functions after initial recognition.

1. Significant accounting policies (continued):

(g) Donated goods and services:

Donations of goods and services are recorded at fair market value, if determinable, when received.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Council has elected to carry investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using straight-line rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. Where an indicator of impairment is present, the Council determines if 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 the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Council expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(i) Use of estimates:

The preparation of the 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 results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

2. Investments:

Investments consist of money market funds of $309,549 (2016 - $310,549).

The Council's investment policy restricts investments to low-risk, fixed-term investments and guaranteed investment certificates.

3. Tangible capital and intangible assets:

				2017	2016
		Cost	Accumulated amortization	Net book value	Net book value
Tangible capital assets:					
Computer hardware	$	157,512	$ 137,446	$ 20,066	$ 17,870
Leasehold improvements		60,644	11,075	49,569	138,409
Office equipment		1,374	275	1,099	-
Intangible assets:					
Computer software		8,334	7,783	551	2,218
	$	227,864	$ 156,579	$ 71,285	$ 158,497

Cost and accumulated amortization as at December 31, 2016 amounted to $367,225 and $208,728, respectively.

4. Accounts payable and accrued liabilities:

There are no amounts payable for government remittances such as harmonized sales tax or payroll-related taxes included in accounts payable and accrued liabilities.

5. Deferred revenue:

		2017		2016
Membership fees	$	13,115	$	12,860
Bonspiel registration fees		15,000		23,000
Bonspiel sponsorships		-		910
Other		7,500		21,800
Deferred insurance recovery - future renovations		25,000		-
	$	60,615	$	58,570

6. Deferred capital contributions:

Deferred capital contributions consist of:

		2017		2016
Enabling Accessibility Grant - ramp	$	9,757	$	125,209
Deferred insurance recovery - leasehold improvements		39,812		-
Insurance recovery - capital asset office & computer equipment		7,758		-
	$	57,327	$	125,209

7. Fund balances:

The Council considers its capital to consist of its fund balances. The Council's objectives when managing capital is to safeguard its ability to continue as a going concern so that it can promote its mandate while addressing the concerns and interests of its membership and stakeholders. Management continually monitors the impact of changes in economic conditions on its commitments.

The Council is not subject to externally imposed capital requirements and its overall strategy with respect to capital remains unchanged from the year ended December 31, 2016.

8. Commitments and guarantee:

(a) Donor recruitment and retention campaign:

The Council has engaged the services of a professional marketing company (the "Company") to conduct a donor recruitment and retention campaign.

In the agreement, the Council and the Company agreed that should the Company's billings be greater than the gross proceeds of all phases of the campaign, then the Company will discount its billings to an amount equal to the gross proceeds, thereby assuring the Council of no possible loss from the campaign.

(b) Leases:

The Council is committed under the terms of certain leases for equipment and premises. Minimum payments under these leases for the next four years and thereafter are as follows:

2018	$ 48,263
2019	47,761
2020	44,697
2021	36,392
Thereafter	1,266
	$ 178,379

(c) Guarantee:

In the normal course of business, the Council has entered into a lease agreement for premises. It is common in such commercial lease transactions for the Council as the lessee, to agree to indemnify the lessor for liabilities that may arise from the use of the leased assets. The maximum amount potentially payable under the foregoing indemnities cannot be reasonably estimated. The Council has liability insurance that relates to the indemnifications described above.

9. Financial risk management:

(a) Market risk:

The Council believes it is not exposed to significant market risk from its financial instruments.

(b) Liquidity risk:

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

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Council is exposed to credit risk with respect to the amounts receivable. The Council assesses, on an annual basis, amounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year end, there were no amounts allowed for in amounts receivable.

There has been no change in the risk exposures from 2016.

10. Gain from insurance recovery:

The Council's leasehold improvements with a net book value of $127,432 was heavily damaged by flooding on March 4, 2017. The Council was insured on leasehold and contents. The matter was settled resulting in an insurance payout out of $180,802.

		2017
Insurance recovery	$	180,802
Insurance recovery applied to:		
Capital assets: leasehold improvements		44,788
Capital assets: computer and office furniture		9,698
Office supplies and additional rent		41,919
Loss on computer equipment (cost of $4,914 and accumulated amortization of $2,688)		2,226
Ongoing renovations planned for 2018		25,000
		123,631
Gain from insurance recovery	$	57,171

		2017
Cost of destroyed additions in leaseholds improvements:	$	194,721
Less: accumulated amortization		67,289
Loss on disposal of impaired leasehold improvements		127,432
Offset by recognition of deferred contributions as follows:		
Leasehold inducement		13,200
Capital contributions: enabling accessibility grant		114,232
Deferred capital contributions recognized		127,432
Net effect	$	-