Financial Statements of

# CANADIAN COUNCIL OF THE BLIND

Year ended December 31, 2018

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# INDEPENDENT AUDITORS' REPORT

To the Directors of the Canadian Council of the Blind

## *Opinion*

We have audited the financial statements of the Canadian Council of the Blind (the “Entity”), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in fund balances 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 December 31, 2018, 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 Opinion*

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 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- 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

Ottawa, Canada

June 11, 2019

# CANADIAN COUNCIL OF THE BLIND

Statement of Financial Position

December 31, 2018, with comparative information for 2017

| | | 2018 | | 2017 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets: | | | | |
| Cash | $ | 308,699 | $ | 248,464 |
| Amounts receivable | | 43,753 | | 40,569 |
| Prepaid expenses | | 15,051 | | 19,233 |
| | | 367,503 | | 308,266 |
| Investments (note 2) | | 312,373 | | 309,459 |
| Tangible capital and intangible assets (note 3) | | 60,262 | | 71,285 |
| | $ | 740,138 | $ | 689,010 |
| **Liabilities and Fund Balances** | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities (note 4) | $ | 169,980 | $ | 162,395 |
| Deferred revenue (note 5) | | 147,863 | | 60,615 |
| | | 317,843 | | 223,010 |
| Deferred capital contributions (note 6) | | 49,191 | | 57,327 |
| Fund balances: | | | | |
| Capital fund | | 11,071 | | 13,958 |
| Unrestricted - General fund | | 362,033 | | 394,715 |
| | | 373,104 | | 408,673 |
| Commitments and guarantee (note 8) | | | | |
| | $ | 740,138 | $ | 689,010 |

See accompanying notes to financial statements.

On behalf of the Board:

# CANADIAN COUNCIL OF THE BLIND

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|---|---|---|
| Revenue: | | |
| Donations: | | |
| Donations - Special Campaign | $ 2,160,796 | $ 2,164,162 |
| Donations - White Cane | 109,346 | 94,110 |
| Donations - Other | 91,905 | 74,969 |
| Projects, grants and contributions: | | |
| Eye Health Program | 147,792 | 137,155 |
| Other grants | 69,169 | 49,135 |
| Government of Canada - Sustaining Grant | 30,938 | 41,250 |
| Fundraising | 11,154 | 2,197 |
| Membership fees | 15,325 | 15,680 |
| Investment | 3,393 | 3,079 |
| Rental income | 6,000 | 6,858 |
| Amortization of deferred capital contributions | 8,136 | 8,136 |
| | 2,653,954 | 2,596,731 |
| Expenses: | | |
| Project and program: | | |
| Membership awareness campaign | 1,009,412 | 998,613 |
| Special campaign - professional fees | 305,512 | 291,391 |
| Chapter support | 281,945 | 328,375 |
| Future vision and eye health | 273,930 | 252,266 |
| Skills and training development | 257,565 | 244,957 |
| White Cane | 114,102 | 103,330 |
| Accessibility and advocacy | 55,532 | 41,589 |
| Public education and awareness | 38,034 | 22,956 |
| Sports, recreation and bonspiel | 33,104 | 35,200 |
| World Blind Union | 20,224 | 4,455 |
| | 2,389,360 | 2,323,132 |
| General operating: | | |
| Salaries and benefits | 142,644 | 144,427 |
| Administration | 102,113 | 107,159 |
| Rent and parking | 43,591 | 45,332 |
| Legal and professional fees | 21,451 | 22,060 |
| Amortization of tangible capital and intangible assets | 15,364 | 16,845 |
| | 325,163 | 335,823 |
| | 2,714,523 | 2,658,955 |
| Deficiency of revenue over expenses before the undernoted | (60,569) | (62,224) |
| Insurance recovery | 25,000 | 57,171 |
| Deficiency of revenue over expenses | $ (35,569) | $ (5,053) |

See accompanying notes to financial statements.

# CANADIAN COUNCIL OF THE BLIND

Statement of Changes in Fund Balances

Year ended December 31, 2018, with comparative information for 2017

| | Capital fund | General fund | Total 2018 | Total 2017 |
|---|---|---|---|---|
| Fund balances, beginning of year | $ 84,852 | $ 323,821 | $ 408,673 | $ 413,727 |
| As recast (note 11) | 13,958 | 394,715 | 408,673 | - |
| Deficiency of revenue over expenses | - | (35,569) | (35,569) | (5,053) |
| Amortization of deferred capital contributions | 8,136 | (8,136) | - | - |
| Purchase of tangible capital and intangible assets | 4,341 | (4,341) | - | - |
| Amortization of tangible capital and intangible assets | (15,364) | 15,364 | - | - |
| Fund balances, end of year | $ 11,071 | $ 362,033 | $ 373,104 | $ 408,674 |

See accompanying notes to financial statements.

# CANADIAN COUNCIL OF THE BLIND

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|---|---|---|
| Cash flows from operating activities: | | |
| Deficiency of revenue over expenses | $ (35,569) | $ (5,054) |
| Items not involving cash: | | |
| Amortization of tangible capital and intangible assets | 15,364 | 16,845 |
| Amortization of deferred capital contributions | (8,136) | (8,136) |
| Change in non-cash operating working capital: | | |
| Amounts receivable | (3,184) | 8,665 |
| Prepaid expenses | 4,182 | 4,934 |
| Accounts payable and accrued liabilities | 7,585 | 17,643 |
| Deferred revenue | 87,248 | 2,045 |
| Lease inducement | - | (13,200) |
| Deferred capital contributions, net | - | (59,746) |
| | 67,490 | (36,004) |
| Cash flows from financing activities: | | |
| Net disposals (additions) to investments | (2,914) | 1,090 |
| Cash flows from investing activities: | | |
| Purchase of tangible capital and intangible assets | (4,341) | (60,273) |
| Disposal of tangible capital assets | - | 130,640 |
| | (4,341) | 70,367 |
| Increase in cash | 60,235 | 35,453 |
| Cash, beginning of year | 248,464 | 213,011 |
| Cash, end of year | $ 308,699 | $ 248,464 |

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 $312,373 (2017 - $309,549).

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

## 3. Tangible capital and intangible assets:

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | 2018 | | 2017 |
| | | Cost | | Accumulated amortization | | Net book value | | Net book value |
| Tangible capital assets: | | | | | | | | |
| Computer hardware | $ | 161,853 | $ | 145,788 | $ | 16,065 | $ | 20,066 |
| Leasehold improvements | | 60,644 | | 17,271 | | 43,373 | | 49,569 |
| Office equipment | | 1,374 | | 550 | | 824 | | 1,099 |
| Intangible assets: | | | | | | | | |
| Computer software | | 8,334 | | 8,334 | | - | | 551 |
| | $ | 232,205 | $ | 171,943 | $ | 60,262 | $ | 71,285 |

Cost and accumulated amortization as at December 31, 2017 amounted to $227,864 and $156,579, 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:

| | | 2018 | | 2017 |
|---|---|---|---|---|
| Membership fees | $ | 13,570 | $ | 13,115 |
| Bonspiel registration fees | | 26,000 | | 15,000 |
| Bonspiel sponsorships | | 2,500 | | - |
| Other | | 105,793 | | 7,500 |
| Deferred insurance recovery - future renovations | | - | | 25,000 |
| | $ | 147,863 | $ | 60,615 |

## 6. Deferred capital contributions:

Deferred capital contributions consist of:

| | | 2018 | | 2017 |
|---|---|---|---|---|
| Enabling Accessibility Grant - ramp | $ | 8,537 | $ | 9,757 |
| Deferred insurance recovery - leasehold improvements | | 34,835 | | 39,812 |
| Insurance recovery - capital asset office & computer equipment | | 5,819 | | 7,758 |
| | $ | 49,191 | $ | 57,327 |

## 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, 2017.

## 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 five years are as follows:

| | | |
|---|---|---|
| 2019 | $ | 53,857 |
| 2020 | | 50,792 |
| 2021 | | 42,488 |
| 2022 | | 7,361 |
| 2023 | | 6,096 |
| | $ | 160,594 |

(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:

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. 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 is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.. 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.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Council believes it is not subject to significant interest rate risk arising from its financial instruments as this risk is limited to its guaranteed investment certificates

There has been no change in the risk exposures from 2017.

## 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 improvements and contents. The matter was settled resulting in an insurance payout out of $180,802. The remaining $25,000 to be spent on leasehold improvements in 2018 was recognized into income as management determined there would be no further expenses related to renovations.

### 11. Comparative Information:

During the year ended December 31, 2018, management identified missing net asset changes related to the prior year deferred capital contribution and tangible and intangible asset disposal allocations to the capital fund balances.

The correction of the allocations has been applied retrospectively and the corresponding financial information as at December 31, 2017 has been recast to reflect this correction as follows:

| | Capital fund | General fund | Total 2018 | Total 2017 |
|---|---|---|---|---|
| As previously reported | $ 84,852 | $ (323,821) | $ 408,673 | $ 413,727 |
| Deferred capital contribution additions | (54,486) | (54,486) | - | - |
| Disposal of tangible capital and intangible assets | (16,408) | - | (16,408) | - |
| | $ 13,958 | $ (378,307) | $ 392,265 | $ 413,727 |