**BALANCE FOR BLIND ADULTS**

**FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2017**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE BOARD OF DIRECTORS AND MEMBERS OF**

**BALANCE FOR BLIND ADULTS**

**Report on the Financial Statements**

I have audited the accompanying financial statements of BALANCE for Blind Adults, which comprise the statement of financial position as at March 31, 2017, and the statements of revenues and expenditures, changes in Colin Haines Fund net assets and unrestricted net assets, and cash flow for the year then ended, and 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.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 the auditor's 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, the auditor considers 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 reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, these financial statements present fairly, in all material respects, the financial position of BALANCE for Blind Adults as at March 31, 2017, and its financial performance and cash flow for the year then ended in accordance with Canadian accounting standards for not‑for‑profit organizations.

Toronto, Ontario CHARTERED ACCOUNTANT

June 28, 2017 LICENSED PUBLIC ACCOUNTANT

 **STATEMENT OF FINANCIAL POSITION**

 **AS AT MARCH 31, 2017**

**ASSETS**

 2017 2016

**Current Assets**

 Bank $ 65,620 $ 38,554

 Investments ‑ Notes 2 and 5 238,029 221,791

 HST receivable 4,609 18,889

 Accounts receivable 11,460 8,101

 Prepaid expenses and deposits 12,678 9,043

 332,396 296,378

**LHIN‑sponsored IT Systems asset** ‑ Note 4 - 4,577

 $ 332,396 $ 300,955

**LIABILITIES**

**Current Liabilities**

 Accounts payable and accrued charges $ 17,477 $ 19,878

 Deferred revenue:

 Geoffrey H. Wood Foundation ‑ website upgrades - 5,000

 MOH ‑ LHIN ‑ IT systems ‑ current portion ‑ Note 4 - 4,577

 Donation ‑ training centre upgrades 13,726 -

 Government of Canada ‑ accessible doorway 972 -

 32,175 29,455

**NET ASSETS**

Invested in Colin Haines Fund ‑ Note 1(b) 11,933 11,002

Unrestricted net assets 288,288 260,498

 300,221 271,500

 $ 332,396 $ 300,955

APPROVED BY THE BOARD

 DIRECTOR, DIRECTOR

Meenakshi Venkatesan Amish Lakhani

The accompanying notes form an integral part of these financial statements.

See Auditor's Report dated June 28, 2017.

**STATEMENT OF REVENUES AND EXPENDITURES**

**FOR THE YEAR ENDED MARCH 31, 2017**

 2017 2016

**Revenue**

 Ministry of Health LTC ‑ LHIN ‑ Service $ 536,743 $ 536,743

 Ministry of Health LTC ‑ LHIN ‑ Transitional funding - 150,000

 Ministry of Health LTC ‑ LHIN ‑ IT systems upgrade 4,577 4,577

 Youth and Philanthropy Initiative/Bishop Strachan grant - 5,000

 Donations ‑ unrestricted 1,874 2,108

 Donation ‑ for training centre upgrades 6,274 -

 Geoffrey H. Wood Foundation grant 5,000 -

 Fundraising and event sponsorship 6,025 100

 Investment income ‑ Note 5 7,859 7,033

 Fees for service and honorariums 4,790 4,470

 573,142 710,031

**Expenditures**

 Salaries 378,885 377,550

 Employee benefits 63,189 56,144

 Staff travel 3,512 4,977

 Staff training and fees 2,405 1,396

 Memberships and accreditations 1,088 4,869

 Supplies 4,600 6,190

 Internet and website 10,000 645

 Rent 25,081 48,504

 Maintenance ‑ premises 5,185 4,936

 Insurance 2,425 1,949

 Telephone 8,396 11,349

 Marketing and communications 724 2,131

 Office expenses 1,031 2,985

 Staff resource materials - 251

 Computer replacement and upgrades 6,340 2,050

 Audit, accounting and professional fees 23,095 18,981

 Bank charges 976 997

 Fundraising expense 17 245

 Amortization: LHIN‑sponsored IT Systems asset ‑ Note 4 4,577 4,577

 Training centre upgrades 6,274 -

 Geoffrey H. Wood grant expenditures 5,000 -

 Special grant expenditures ‑ MOH ‑ LHIN ‑ Transition - 150,000

 552,800 700,726

**Excess of Revenues over Expenditures from**

 **Operations**  20,342 9,305

**Increase (Decrease) in Investment Value** ‑ Note 5 7,448 (16,262)

**Excess (Deficiency) of Revenues over Expenditures** $ 27,790 $ (6,957)

The accompanying notes form an integral part of these financial statements.

See Auditor's Report dated June 28, 2017.

**STATEMENT OF CHANGES IN NET ASSETS**

**AS AT MARCH 31, 2017**

 2017 2016

**COLIN HAINES FUND**

Investment income $ 494 $ 474

Course participants' subsidies (660) (231)

(Deficiency) excess of revenues over expenditures

 from operations (166) 243

Increase (decrease) in unrealized investment value for year 1,097 (1,595)

Excess (deficiency) of revenue over expenditures 931 (1,352)

**Balance**, beginning of year 11,002 12,354

**Balance**, end of year $ 11,933 $ 11,002

**UNRESTRICTED NET ASSETS**

Excess (deficiency) of revenues over expenditures from:

 ‑ operations $ 20,342 $ 9,305

 ‑ investments ‑ Note 5 7,448 (16,262)

Excess (deficiency) of revenue over expenditures 27,790 (6,957)

**Balance**, beginning of year 260,498 267,455

**Balance**, end of year $ 288,288 $ 260,498

**Total Net Assets**, end of year $ 300,221 $ 271,500

The accompanying notes form an integral part of these financial statements.

See Auditor's Report dated June 28, 2017.

**STATEMENT OF CASH FLOW**

**FOR THE YEAR ENDED MARCH 31, 2017**

 2017 2016

**CASH PROVIDED BY (USED IN)**

**Operating Activities**

 Excess (deficiency) of revenues over expenditures from:

 ‑Unrestricted net assets $ 20,342 $ 9,305

 ‑Colin Haines fund (166) 243

 Add : Items not requiring the use of cash:

 Amortization ‑ LHIN‑sponsored IT Systems asset 4,577 4,577

 24,753 14,125

**Changes in Non‑Cash Working Capital Balances**

**from Operations:**

 (Increase) decrease in accounts receivable (3,359) 1,769

 Decrease (increase) in HST receivable 14,280 (12,077)

 (Increase) in prepaid expenses and deposits (3,635) (5,356)

 (Decrease) increase in accounts payable (2,401) 10,981

 Increase in deferred revenue 5,121 423

 10,006 (4,260)

**Investing Activities**

 Colin Haines investments ‑ value increase (decrease) 1,097 (1,595)

 Unrestricted investments ‑ value increase (decrease) 7,448 (16,262)

 8,545 (17,857)

**Increase (Decrease) in Cash During Year**  43,304 (7,992)

**Cash**, at beginning of year 260,345 268,337

**Cash,** at end of year $ 303,649 $ 260,345

**Consists of:**

 Bank $ 65,620 $ 38,554

 Investments ‑ Note 2 238,029 221,791

 $ 303,649 $ 260,345

The accompanying notes form an integral part of these financial statements.

See Auditor's Report dated June 28, 2017.

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2017**

BALANCE for Blind Adults is a non‑profit organization incorporated under the Registered Charities Act of Ontario and offers learning opportunities for independent living, community access and employment opportunities for individuals with visual impairment.

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for Not‑For‑Profit Organizations (ASNPO). The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies summarized below:

**(a) Basis of Accounting and Financial Statement Preparation**

BALANCE for Blind Adults reports revenue and expenses using the accrual basis of accounting, fund accounting and the deferral method of accounting for revenue.

**(b) Fund Accounting**

The activities of BALANCE for Blind Adults are carried out through an unrestricted general fund. The Colin Haines fund is another unrestricted fund but BALANCE for Blind Adults chooses to separately account for this fund.

**(c) Revenue Recognition**

The organization uses the deferral method of accounting for revenue. It recognizes restricted contributions as revenue in the period during which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or when it can be reasonably regarded as receivable.

**(d) Capital Assets**

In accordance with generally accepted accounting principles, non‑profit organizations with revenues greater than $500,000 are to capitalize major capital assets. There were no major capital asset additions of significance in prior years, nor in the current year. Per Note 4, an equipment grant received in the prior year requires capitalization accounting due to government regulations ‑ this is being treated as a special different asset class.

...Notes continued on next page

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2017**

Page 2

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Financial instrument measurement**

The organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures its investments (GIC's and mutual funds) at fair market value through profit or loss. All other financial assets are subsequently measured at amortized cost, including cash and accounts receivable. All financial liabilities are subsequently measured at amortized cost, including accounts payable.

**(f) Income taxes**

The organization is a registered charitable organization and while registered is exempt from income tax.

**2. INVESTMENTS**

As indicated in Note 1(e), the investments are accounted for as held for trading, and are disclosed at fair market value. Realized income and the change in unrealized gain and loss in market value is charged to the income statement for investments that are held by BALANCE for Blind Adults. The types of investments that are held are shown below.

 2017

 Investment by type

 Cost Market

 Cash $ 9 $ 9

 Bank GIC 5,667 5,667

 Mutual funds 208,348 232,353

 $ 214,024 $ 238,029

The cost of the investments at March 31, 2016, was $213,281 and the market value at that date was $221,791.

...Notes continued on next page

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2017**

Page 3

**3. LEASE COMMITMENTS**

The organization has signed an agreement to lease office premises at 2340 Dundas Street West ("The Crossways Complex"). The first three months of the lease, from April 1 to June 30, 2016, were given rent‑free. The required lease payments, which began July 1, 2016, are broken down by fiscal year are as follows:

 2018 32,987

 2019 33,638

 2020 34,287

 2021 34,937

 2022 8,775

 $ 144,624

**4. LHIN ONE‑TIME FUNDING FOR IT SYSTEMS CAPITAL ASSET ADDITION**

 **AND DEFERRED REVENUE**

The Ministry of Health (MOH) requires that organizations that receive funding for information systems equipment amortize the equipment and recognize the revenue equally over five years on a straight‑line basis. This differs from BALANCE for Blind Adults' regular accounting policy under which non‑major capital expenditures are expensed (these IT Systems additions are considered non‑major). Given the special nature of the MOH funding, BALANCE for Blind Adults is maintaining its regular capital expenditure policy but will track the MOH one‑time funding capital expenditures as a special capital asset group that is amortized equally over five years using the straight‑line method (results in $4,577 amortization expense per year):

Net Book Net Book

 Accumulated Value Value

 Cost Amortization 2017 2016

LHIN ‑ IT Systems asset $ 22,886 $ 22,886 $ - $ 4,577

The net book value at year end is also the portion of the grant that is deferred revenue at year end (zero at March 31, 2017).

...Notes continued on next page

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2017**

Page 4

**5. INVESTMENT INCOME**

Investment income includes realized income, and also the change in the unrealized market value of the fund during the year on investments owned by BALANCE for Blind Adults. These investments have been funded from cumulative fundraising efforts. The change in the investments in the year is shown below:

 2017 2016

BALANCE Funds:

 Opening balance at market value $ 210,789 $ 230,018

 Investment income in year 7,859 7,033

 Increase (decrease) in investment value in year 7,448 (16,262)

 Net gain (loss) for year 15,307 (9,229)

 Transfer of funds to operating bank account - (10,000)

 Increase (decrease) in investment holdings for year 15,307 (19,229)

 Market value, end of year for general‑

 purpose Balance funds 226,096 210,789

 Colin Haines Funds:

 Market value, end of year for segregated

 Colin Haines Funds 11,933 11,002

 Total market value of funds held $ 238,029 $ 221,791

**6. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments. The following analysis presents the organization's exposures to significant risk at the reporting date, i.e. March 31, 2017.

...Notes continued on next page

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT MARCH 31, 2017**

Page 5

**6. FINANCIAL INSTRUMENTS (continued)**

**Credit risk**

The organization is exposed to credit risk with respect to GIC's and mutual funds. However, the credit risk with respect to these investments is insignificant since they are held in large financial institutions.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to liquidity rate risk mainly in respect of its accounts payable.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, which is explained below. Market risk also includes currency risk and other price risk, which do not apply for the organization. The organization is exposed to market risk mainly in respect of its mutual funds. (See Note 2)

**Interest rate risk**

The organization is exposed to interest rate risk on its variable interest rate GIC and mutual funds. Variable‑rate instruments subject the organization to risk of changes in fair value. At year end, the interest rate for the GIC holding with fair market value of $5,667 was 0.10%, and its maturity date is December 8, 2017.