

**BALANCE FOR BLIND ADULTS**  
**FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2014**

## **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, 2014, and March 31, 2013, and the statements of revenues and expenditures, changes in Colin Haines Fund net assets and unrestricted net assets, and cash flows for the years 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 the 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, 2014, and March 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario  
June 23, 2014



CHARTERED ACCOUNTANT  
LICENSED PUBLIC ACCOUNTANT

**BALANCE FOR BLIND ADULTS  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2014**

**ASSETS**

	<u>2014</u>	<u>2013</u>
<b>Current Assets</b>		
Bank	\$ 27,464	\$ 28,492
Investments - Note 2	245,021	244,930
HST receivable	9,016	11,073
Accounts receivable	4,000	7,109
Prepaid expenses and deposits	<u>3,687</u>	<u>4,081</u>
	289,188	295,685
<b>LHIN-sponsored IT Systems asset - Note 4</b>	<u>13,732</u>	<u>18,309</u>
	<u>\$ 302,920</u>	<u>\$ 313,994</u>

**LIABILITIES**

<b>Current Liabilities</b>		
Accounts payable and accrued charges	\$ 14,890	\$ 31,876
Deferred revenue - current portion - Note 4	<u>4,577</u>	<u>4,577</u>
	<u>19,467</u>	<u>36,453</u>
Deferred revenue - long term portion - Note 4	<u>9,155</u>	<u>13,732</u>
	<u>28,622</u>	<u>50,185</u>

**NET ASSETS**

Invested in Colin Haines Fund - Note 1(b)	19,668	19,648
Unrestricted net assets	<u>254,630</u>	<u>244,161</u>
	<u>274,298</u>	<u>263,809</u>
	<u>\$ 302,920</u>	<u>\$ 313,994</u>

APPROVED BY THE BOARD

\_\_\_\_\_  
Naz Husain DIRECTOR,

\_\_\_\_\_  
Denis Montpetit DIRECTOR

The accompanying notes form an integral part of these financial statements.  
See Auditor's Report dated June 23, 2014.

**BALANCE FOR BLIND ADULTS  
STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>Revenue</b>		
Ministry of Health LTC - LHIN - Service	\$ 536,743	\$ 536,743
Ministry of Health LTC - LHIN - IT systems upgrade	4,577	4,577
Ministry of Health - CCIM-CAP one-time funding	-	3,000
Donations	6,357	4,833
Memberships	196	65
Realized investment income - Note 5	13,310	15,625
Fees for service and honorariums	<u>6,823</u>	<u>2,509</u>
	<u>568,006</u>	<u>567,352</u>
<b>Expenditures</b>		
Salaries	382,613	380,415
Employee benefits	60,209	59,502
Staff travel	10,889	8,666
Staff training and fees	3,670	8,023
Supplies	5,192	4,651
Internet and website	1,925	3,349
Rent	50,521	47,662
Maintenance - premises	7,048	6,527
Insurance	2,210	2,210
Telephone	11,092	7,686
Office expenses	6,208	3,831
Staff resource materials	15	570
Computer replacement and upgrades	524	4,940
Audit, accounting and consulting	15,157	16,187
Bank charges	1,025	1,000
Fundraising expense	1,665	-
Amortization: LHIN-sponsored IT Systems asset - Note 4	<u>4,577</u>	<u>4,577</u>
	<u>564,540</u>	<u>559,796</u>
<b>Excess of Revenues over Expenditures from Operations</b>	3,466	7,556
<b>Unrealized Investment Gain (Loss) - Note 5</b>	<u>7,003</u>	<u>(11,873)</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>\$ 10,469</u>	<u>\$ (4,317)</u>

The accompanying notes form an integral part of these financial statements.  
See Auditor's Report dated June 23, 2014.

**BALANCE FOR BLIND ADULTS  
STATEMENT OF CHANGES IN NET ASSETS  
AS AT MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>COLIN HAINES FUND</b>		
Investment income	\$ 1,045	\$ 1,347
Course participants' subsidies	<u>(1,244)</u>	<u>(754)</u>
(Deficiency) excess of revenues over expenditures - operations	(199)	593
Unrealized investment gain (loss)	<u>219</u>	<u>(2,190)</u>
Excess (deficiency) of revenue over expenditures	20	(1,597)
<b>Balance, beginning of year</b>	<u>19,648</u>	<u>21,245</u>
<b>Balance, end of year</b>	<u>\$ 19,668</u>	<u>\$ 19,648</u>

**UNRESTRICTED NET ASSETS**

Excess (deficiency) of revenues over expenditures from:		
- operations	\$ 3,466	\$ 7,556
- investments - Note 5	<u>7,003</u>	<u>(11,873)</u>
Excess (deficiency) of revenue over expenditures	10,469	(4,317)
<b>Balance, beginning of year</b>	<u>244,161</u>	<u>248,478</u>
<b>Balance, end of year</b>	<u>\$ 254,630</u>	<u>\$ 244,161</u>
 <b>Total Net Assets, end of year</b>	 <u>\$ 274,298</u>	 <u>\$ 263,809</u>

The accompanying notes form an integral part of these financial statements.  
See Auditor's Report dated June 23, 2014.

**BALANCE FOR BLIND ADULTS  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED MARCH 31, 2014  
(unaudited)**

	<u>2014</u>	<u>2013</u>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating Activities</b>		
Excess (deficiency) of revenues over expenditures from:		
-Unrestricted net assets	\$ 3,466	\$ 7,556
-Colin Haines fund	(199)	593
Add : Items not requiring the use of cash:		
Amortization - LHIN-sponsored IT Systems asset	<u>4,577</u>	<u>4,577</u>
	<u>7,844</u>	<u>12,726</u>
<b>Changes in Non-Cash Working Capital Balances from Operations:</b>		
Decrease (increase) in accounts receivable	3,109	(4,895)
(Increase) decrease in HST receivable	2,057	(2,379)
Decrease in prepaid expenses and deposits	394	885
(Decrease) increase in accounts payable	(16,986)	12,738
(Decrease) increase in deferred revenue	<u>(4,577)</u>	<u>18,309</u>
	<u>(16,003)</u>	<u>24,658</u>
<b>Investing Activities</b>		
Colin Haines fund: unrealized investment gain (loss)	219	(2,190)
Unrestricted net assets: investment gain (loss)	7,003	(11,873)
Purchase of IT Systems asset	<u>-</u>	<u>(22,886)</u>
	<u>7,222</u>	<u>(36,949)</u>
<b>(Decrease) Increase in Cash During Year</b>	(937)	435
<b>Cash, at beginning of year</b>	<u>273,422</u>	<u>272,987</u>
<b>Cash, at end of year</b>	<u>\$ 272,485</u>	<u>\$ 273,422</u>
<b>Consists of:</b>		
Bank	\$ 27,464	\$ 28,492
Investments - Note 2	<u>245,021</u>	<u>244,930</u>
	<u>\$ 272,485</u>	<u>\$ 273,422</u>

The accompanying notes form an integral part of these financial statements.  
See Auditor's Report dated June 23, 2014.

**BALANCE FOR BLIND ADULTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT MARCH 31, 2014**

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



**BALANCE FOR BLIND ADULTS  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2014**

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 value, as they are classified as held for trading investments. 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, the investments are accounted for as held for trading, and are disclosed at 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.

	<u>2014</u>	
Investment by type	<u>Cost</u>	<u>Market</u>
Cash	\$ 10,881	\$ 10,881
Bank GIC	5,634	5,648
Mutual funds:		
Acuity High Income Class A	213,205	173,044
Aston Hill Capital Fund	<u>36,862</u>	<u>55,448</u>
	<u>\$ 266,582</u>	<u>\$ 245,021</u>

The cost of the investments at March 31, 2013, was \$293,725 and the market value at that date was \$244,930.

...Notes continued on next page

**BALANCE FOR BLIND ADULTS  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2014**

Page 3

**3. LEASE COMMITMENTS**

The organization has leased office premises at 4920 Dundas Street West until November 30, 2014. The lease commitment for the six months then ended, including operating costs and taxes, is approximately \$17,800.

The organization has leased office premises at 720 Spadina Avenue until March 31, 2015. The lease commitment for the year then ended, including operating costs and property taxes, is approximately \$3,500. There had been a lease agreement to rent a larger office space at 720 Spadina Avenue through March 31, 2016, but this lease agreement was terminated and replaced with the aforementioned arrangement.

**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):

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2014</u>	<u>Net Book Value 2013</u>
LHIN - IT Systems asset	\$ <u>22,886</u>	\$ <u>9,154</u>	\$ <u>13,732</u>	\$ <u>18,309</u>

The net book value at year end is also the portion of the grant that is deferred revenue at year end. Of this \$13,732 total deferred revenue amount, \$4,577 is the current portion and 9,155 is the long-term portion.

...Notes continued on next page

**BALANCE FOR BLIND ADULTS  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2014**

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:

	<u>2014</u>	<u>2013</u>
BALANCE Funds:		
Opening balance at market value	\$ <u>225,282</u>	\$ <u>221,531</u>
Realized investment income in year	13,310	15,624
Increase (decrease) in unrealized investment gain in year	<u>7,003</u>	<u>(11,873)</u>
Net gain for year	20,313	3,751
Transfer of funds to operating bank account	<u>(20,242)</u>	<u>-</u>
Increase in investment holdings for year	<u>71</u>	<u>3,751</u>
Market value, end of year for general-purpose Balance funds	225,353	225,282
Colin Haines Funds:		
Market value, end of year for segregated Colin Haines Funds	<u>19,668</u>	<u>19,648</u>
Total market value of funds held	\$ <u>245,021</u>	\$ <u>244,930</u>

**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, 2014.

...Notes continued on next page

**BALANCE FOR BLIND ADULTS  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT MARCH 31, 2014**

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.

**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 \$5,648 was 0.25%, and its maturity date is December 8, 2014.