Non-consolidated Financial Statements of

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND

Year ended March 31, 2020

Deloitte.

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Independent Auditor's Report

To the National Board of Directors and Members of
The Canadian National Institute for the Blind

Opinion

We have audited the non-consolidated financial statements of The Canadian National Institute for the Blind ("CNIB"), which comprise the non-consolidated statement of financial position as at March 31, 2020, and the non-consolidated statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "non-consolidated financial statements").

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of CNIB as at March 31, 2020, and the results of its 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of CNIB in accordance with the ethical requirements that are relevant to our audit of the non-consolidated 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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing CNIB'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 CNIB or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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 GAAS 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 non-consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated 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 CNIB'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 CNIB'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 non-consolidated 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 CNIB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of CNIB to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
July 22, 2020

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND

Non-consolidated Statement of Financial Position
(In thousands of dollars)
March 31, 2020 with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	$ 1,230	$ 790
Accounts receivable and prepaid expenses	5,041	5,021
Inventories and supplies	1,325	1,356
	7,596	7,167
Accrued pension asset (note 2)	1,868	12,067
Investments - general (note 3)	34,773	51,717
Investments - endowments (note 3)	10,863	11,458
Capital assets (note 4)	27,489	25,507
	$ 82,589	$ 107,916

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND

Non-consolidated Statement of Financial Position (continued)
(In thousands of dollars)
March 31, 2020 with comparative information for 2019

	2020	2019
Liabilities and Fund Balances		
Current liabilities:		
Bank indebtedness (note 5)	$ 2,643	$ 1,991
Deferred gain on sale of capital assets – current portion (note 6)	1,086	1,086
Accounts payable and accrued liabilities	6,314	5,583
Due to related organizations (note 18)	531	886
	10,574	9,546
Deferred gain on sale of capital assets (note 6)	6,541	7,626
Deferred contributions:		
Expenses of future periods (note 7)	6,047	8,559
Capital assets (note 8)	8,741	8,664
	21,329	24,849
	$ 31,903	$ 34,395
Fund balances:		
Endowments (note 9)	10,707	10,617
Invested in capital assets (note 10)	18,424	16,345
Internally restricted fund (note 11)	40,471	44,850
Unrestricted operating fund	(18,916)	1,709
	50,686	73,521
Commitments and contingencies (note 13)		
	$ 82,589	$ 107,916

See accompanying notes to the non-consolidated financial statements.

On behalf of the Board of Directors:

Chair, Board of Directors

Chair, Audit Committee

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND
Non-consolidated Statement of Operations and Changes in Fund Balances
(In thousands of dollars)
Year ended March 31, 2020 with comparative information for 2019

	Unrestricted operating fund	Internally restricted fund	Invested in capital assets	Endowments	2020 Total	2019 Total
		(note 11)	(note 10)	(note 9)		
Revenue:						
Support from the public	$ 19,284	$ 8,890	$ –	$ 20	$ 28,194	$ 27,710
Government funding towards programs and services	1,727	–	–	–	1,727	5,608
Retail lottery and gaming operations	11,019	–	–	–	11,019	10,571
Investment	–	(3,254)	–	384	(2,870)	1,080
Rent	1,049	–	–	–	1,049	1,053
Fees for service	4,172	–	–	–	4,172	347
Consumer products and assistive technology sales	4,318	–	–	–	4,318	3,537
Amortization of deferred capital contributions (note 10)	–	–	847	–	847	1,464
Other general revenues	1,037	–	–	50	1,087	926
Gain on sale of capital assets (note 6)	1,138	–	–	–	1,138	1,955
	43,744	5,636	847	454	50,681	54,251
Rehabilitation and deaf-blind services (note 18)	19,636	–	–	–	19,636	37,849
	63,380	5,636	847	454	70,317	92,100

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND

Non-consolidated Statement of Operations and Changes in Fund Balances (continued)
(In thousands of dollars)
Year ended March 31, 2020 with comparative information for 2019

	Unrestricted operating fund	Internally restricted fund (note 11)	Invested in capital assets (note 10)	Endowments (note 9)	2020 Total	2019 Total
Expenses:						
Program:						
Community-based programs and services	29,652	–	1,280	454	31,386	30,684
Other:						
Fund development (note 14)	14,563	–	106	–	14,669	12,701
Retail lottery and gaming operations	8,753	–	11	–	8,764	7,621
Corporate services	2,156	15	182	–	2,353	1,956
Other	1,765	–	644	–	2,409	2,109
Restructuring	588	–	–	–	588	186
	57,477	15	2,223	454	60,169	55,257
Rehabilitation and deaf-blind services (note 18)	22,050	–	–	–	22,050	38,487
	79,527	15	2,223	454	82,219	93,744

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND

Non-consolidated Statement of Operations and Changes in Fund Balances (continued)
(In thousands of dollars)
Year ended March 31, 2020 with comparative information for 2019

	Unrestricted operating fund	Internally restricted fund	Invested in capital assets	Endowments	2020 Total	2019 Total
		(note 11)	(note 10)	(note 9)		
(Deficiency) excess of revenue over expenses	$ (16,147)	$ 5,621	$ (1,376)	$ –	$ (11,902)	$ (1,644)
Interfund transfer to fund program expenses (note 11)	10,000	(10,000)	–	–	–	–
	(6,147)	(4,379)	(1,376)	–	(11,902)	(1,644)
Invested in capital assets (note 10)	(3,455)	–	3,455	–	–	–
Endowment contributions (note 9)	–	–	–	90	90	78
Pension plan remeasurement (note 2)	(11,023)	–	–	–	(11,023)	127
Net change	(20,625)	(4,379)	2,079	90	(22,835)	(1,439)
Fund balances, beginning of the year	1,709	44,850	16,345	10,617	73,521	74,960
Fund balances, end of the year	$ (18,916)	$ 40,471	$ 18,424	$ 10,707	$ 50,686	$ 73,521

See accompanying notes to the non-consolidated financial statements.

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND

Non-consolidated Statement of Cash Flows
(In thousands of dollars)
Year ended March 31, 2020 with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
(Deficiency) of revenues over expenses	$ (11,902)	$ (1,644)
Items not involving cash:		
Change in fair value of investments	3,539	(636)
Amortization of capital assets (note 10 (b))	2,223	2,115
Amortization of deferred contributions related to expenses of future periods (note 7)	(17,072)	(33,997)
Amortization of deferred contributions related to capital assets (note 8)	(847)	(1,464)
Gain on sale of capital assets (note 6)	(1,138)	(1,955)
Pension expense (note 2)	252	541
Pension employer contributions (note 2)	(1,076)	(2,894)
Deferred contributions related to expenses of future periods (note 7)	15,410	31,197
Change in non-cash working capital (note 16)	387	(2,611)
	(10,224)	(11,348)
Financing activities:		
Deferred contributions related to capital assets (note 8)	74	71
Endowments (note 9)	90	78
	164	149

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND

Non-consolidated Statement of Cash Flows (continued)
(In thousands of dollars)
Year ended March 31, 2020 with comparative information for 2019

		2020		2019
Investing activities:				
Proceeds from disposal of capital assets		61		2,668
Sale of investments		14,000		12,291
Purchase of investments		–		(8,148)
Mortgage receivable		–		7,925
Purchase of capital assets (note 10 (b))		(4,213)		(5,242)
		9,848		9,494
Change in cash position		(212)		(1,705)
Cash position, beginning of year		(1,201)		504
Cash position, end of year	$	(1,413)	$	(1,201)
Cash and bank indebtedness is comprised of:				
Cash	$	1,230	$	790
Bank indebtedness		(2,643)		(1,991)
	$	(1,413)	$	(1,201)
Supplemental disclosure of cash flow				
Deferred gain related to sale of capital assets	$	(7,627)	$	(8,712)
Change in deferred capital gain		(1,085)		(1,157)

See accompanying notes to the non-consolidated financial statements.

The Canadian National Institute for the Blind ("CNIB") was incorporated on March 30, 1918 by Letters Patent under the Companies Amendment Act of 1917, and in September 2013 continued under the Canadian Not-for-profit Corporations Act. CNIB's mission is to change what it is to be blind through innovative programs and powerful advocacy that enable Canadians impacted by blindness to live the lives they choose. CNIB is registered as a charitable organization under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

Effective April 1, 2018 CNIB transferred certain operations, representing government funded rehabilitation and deafblind programs to two newly incorporated entities: Vision Loss Rehabilitation Canada (VLRC) and Deafblind Community Services (DBCS). Further information can be found in note 18.

1. Significant accounting policies:

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

(a) Revenue recognition:

CNIB follows the deferral method of accounting for contributions, which include support from the public and government support.

Externally restricted contributions, other than endowments, are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in net assets in the year in which they are received.

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.

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

Income from investments includes the realized gains or losses from the sale of units of CNIB's managed investment funds, as well as interest income and unrealized gains or losses for the year. Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from fees for service and sale of consumer products and assistive technology is recognized when the services are provided or the goods are sold.

Unrestricted contributions of legacies or bequests and investment income, including realized or unrealized gains or losses, are reported within the internally restricted fund as support from the public and investment revenue respectively. Incidental rent revenue and related operating costs associated with renting excess capacity in CNIB facilities is reported in the unrestricted operating fund as rent revenue and other costs.

Realized and unrealized investment revenue from the endowment investment pool are recognized in deferred contributions – expenses in future periods as incurred. Realized investment revenue recognized in deferred contributions – expenses in future periods is drawn down as endowment restrictions are honoured. The change in unrealized investment revenue is presented separately as a single line in the deferred contributions – expenses of future periods continuity schedule, as observed in Note 7.

1. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. CNIB has elected to carry its investments at fair value. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, CNIB 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 CNIB 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 carrying value.

(c) Inventories and supplies:

Inventories and supplies are recorded at the lower of cost on a first-in, first-out basis, and net realizable value.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets are amortized over the estimated life of the assets. Repairs and maintenance costs are charged to expense. If a capital asset no longer contributes to CNIB's ability to provide services, its carrying amount is written down to its residual value.

1. Significant accounting policies (continued):

(d) Capital assets (continued):

Capital assets are amortized on a straight-line basis using the following annual rates:

Buildings	2.5%
Computer equipment and software	14.3% - 33.3%
Vehicles	25.0% - 33.3%
Furniture and office equipment	25.0%
Leasehold improvements	Term of lease

(e) Contributed services:

CNIB benefits from substantial services in the form of volunteer time to fulfill its mission. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(f) Employee future benefits:

CNIB administers the Pension Plan for Employees of CNIB. The plan has a defined benefit provision and a defined contribution provision. Employees with greater than three months of service are eligible to join the defined contribution provision, while the defined benefit provision was closed to new entrants effective June 2010. The benefits of the defined benefit provision are based on years of service, years of contributions and final average earnings. The defined benefit provision includes the basic plan and excess benefits plans. CNIB does not provide any significant non-pension, post-retirement benefits.

1. Significant accounting policies (continued):

(f) Employee future benefits (continued):

CNIB uses the immediate recognition approach to account for its defined benefit provision. CNIB accrues its obligations under the defined benefit provision as employees render the services necessary to earn the pension benefits. The actuarial determination of the accrued benefit obligations for pensions uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees, and other actuarial factors). The most recent actuarial valuation of the benefit provision for funding purposes was as of December 31, 2017, and the next required valuation will be December 31, 2020, and once completed will be filed in the normal course.

Actuarial gains (losses) on defined benefit provision assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. For the purpose of calculating the expected return on defined benefit provision assets, the assets are valued at fair value. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience, and from changes in the actuarial assumptions used to determine the accrued benefit obligation.

The cost of the defined contribution provision is based on percentage of the employee's pensionable earnings.

(g) Allocation of expenses:

CNIB classifies expenses on the statement of operations and changes in fund balances by function. General support expenses are allocated by identifying the appropriate drivers such as operational activities, square footage, employee count, and applying these bases consistently (note 15).

(in thousands of dollars except as noted)

1. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of non-consolidated 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 disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements, and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount and useful lives of capital assets, accrued liabilities and obligations related to employee future benefits. Actual results could differ from these estimates.

2. Accrued pension asset:

The accrued pension asset represents the fair value of the defined benefit provision assets in excess of the accrued defined benefit provision obligation.

	2020	2019
Accrued pension obligation	$ 112,670	$ 112,618
Fair value of defined benefit provision assets	114,538	124,685
Accrued benefit asset	$ 1,868	$ 12,067

Defined benefit assets consist of:

	2020	2019
Pooled funds	99%	56%
Equities	0%	43%
Cash	1%	1%
Total	100%	100%

(in thousands of dollars except as noted)

2. Accrued pension asset (continued):

The significant actuarial assumptions adopted in measuring CNIB's accrued pension asset are as follows:

	2020	2019
Accrued benefit obligation:		
Discount rate	5.67%	5.67%
Rate of compensation increase	2.25%	2.25%
Benefit costs:		
Discount rate	5.67%	5.15%
Rate of compensation increase	2.25%	2.25%

The change in this balance is calculated as follows:

	2020	2019
Balance, beginning of year	$ 12,067	$ 9,587
Employer contributions	1,076	2,894
Remeasurements in the statement of changes in net assets	(11,023)	127
CNIB's defined benefit provision expense for the current year was as follows:		
Current service cost	(937)	(1,035)
Interest	685	494
Net pension service cost	(252)	(541)
Balance, end of year	$ 1,868	$ 12,067

CNIB's defined contribution provision expense for the current year was $587 (2019 - $459).

(in thousands of dollars except as noted)

3. Investments:

General	2020	2019
Canadian fixed income securities and cash	$ 12,966	$ 187
Canadian equities	4,543	10,442
U.S. and global equities	15,204	19,538
Investments held in pooled funds	2,060	21,550
Total	$ 34,773	$ 51,717

Endowments	2020	2019
Canadian fixed income securities and cash	$ 3,845	$ 42
Canadian equities	1,163	2,313
U.S. and global equities	4,914	4,329
Investments held in pooled funds	941	4,774
Total	$ 10,863	$ 11,458

The table below applies to both general and endowment investment funds.

	2020		2019	
	Average term to maturity	Average effective yield	Average term to maturity	Average effective yield
Canadian Fixed Income	3.0 years	2.0%	0.1 years	2.3%
Fixed income securities held within pooled funds	7.6 years	5.6%	9.8 years	2.3%

(in thousands of dollars except as noted)

4. Capital assets:

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	$ 7,659	$ –	$ 7,659	$ 6,659
Buildings and leaseholds	30,878	14,472	16,406	15,736
Computer equipment and software	9,726	7,329	2,397	1,859
Vehicles	1,451	1,169	282	492
Furniture and office equipment	3,264	2,519	745	761
	$ 52,978	$ 25,489	$ 27,489	$ 25,507

5. Bank indebtedness:

CNIB has a credit facility available to fund operations and capital expenditures, totalling $4 million at prime plus 0.25%. This amount is due upon demand and is secured by a general security agreement.

6. Deferred gain on sale of capital assets:

Concurrently with the sale of the CNIB Centre in April 2017, CNIB entered into a 10-year leaseback agreement with the purchaser for 72,344 square feet of the CNIB Centre resulting in a deferral of $10.9 million of the gain to be recognized on a straight line basis over the term of the lease. $1.1 million (2019 - $1.1 million) of the deferred gain was recognized and included in gain on sale of capital assets resulting in an unamortized gain of $7,627 (2019 - $8,712).

(in thousands of dollars except as noted)

7. Deferred contributions – expenses of future periods:

Deferred contributions are related to the funding of expenses of future periods represent unspent, externally restricted contributions including funding related to endowments of $841 (2019 - $841).

	2020	2019
Balance, beginning of year	$ 8,559	$ 11,699
Add:		
Amount received in the year	16,509	31,522
Less:		
Amount recognized as revenue in the year	(17,072)	(33,997)
Amount transferred to deferred contributions - capital assets	(850)	(340)
Investment market fluctuation	(1,099)	(325)
Balance, end of year	$ 6,047	$ 8,559

Amounts that have been received may be used for capital purposes once capital budgets have been approved. These amounts will then be transferred to deferred contributions - capital assets.

8. Deferred contributions - capital assets:

Deferred contributions related to capital assets represent the unamortized amount of restricted contributions received for the purchase of capital assets.

	2020	2019
Balance, beginning of year	$ 8,664	$ 9,717
Add:		
Amount received in the year	74	71
Amount transferred from deferred contributions - expenses of future periods	850	340
Less:		
Amount recognized as revenue in the year	(847)	(1,464)
Balance, end of year	$ 8,741	$ 8,664

(in thousands of dollars except as noted)

9. Endowments:

CNIB has received a number of externally restricted contributions established as endowments where the principal amounts are preserved and only net investment returns are available to be used for the intended purposes.

10. Invested in capital assets:

(a) CNIB has an investment in capital assets, which is calculated as follows:

	2020	2019
Capital assets:	$ 27,489	$ 25,507
Amounts financed by:		
Deferred capital contributions	(8,741)	(8,664)
Accounts payable and accrued liabilities	(324)	(498)
	$ 18,424	$ 16,345

(b) The change in this balance is calculated as follows:

	2020	2019
Deficiency of revenue over expenditures:		
Amortization of deferred capital contributions	$ 847	$ 1,464
Amortization of capital assets	(2,223)	(2,115)
	(1,376)	(651)
Net change in invested in capital assets:		
Purchase of capital assets	4,213	5,242
Net book value of capital assets disposed	(8)	(1,870)
Amounts funded by:		
Deferred capital contributions	(74)	(71)
Amount transferred from deferred contributions – expenses of future periods	(850)	(340)
Accounts payable and accrued liabilities	174	(223)
	3,455	2,738
	$ 2,079	$ 2,087

(in thousands of dollars except as noted)

11. Internally restricted fund:

The following schedule summarizes the activity within the internally restricted fund:

	2020	2019
Balances, beginning of year	$ 44,850	$ 44,275
Revenue:		
Support from the public	8,890	8,459
Investment	(3,254)	703
	5,636	9,162
Expenses	15	18
Excess of revenue over expenses	5,621	9,144
Transfers:		
Interfund transfer to unrestricted operating fund	(10,000)	(9,348)
Internal restriction – property sale proceeds and purchases	–	779
	(10,000)	(8,569)
Balances, end of year	$ 40,471	$ 44,850

The Board of Directors has designated certain fund balances as an internally restricted fund to provide financial stability and to manage earnings volatility inherent in certain uncontrollable revenue sources.

Certain funds, as described in note 1(a), are added to the internally restricted fund each year. The Board of Directors will determine, on an annual basis, the amount to be transferred to the unrestricted operating fund.

(in thousands of dollars except as noted)

12. Endowment trust funds:

The Vancouver Foundation is a not-for-profit organization that receives and invests funds, and from these funds provides investment income to other not-for-profit organizations under the terms of the agreements with them or their donors. CNIB receives annual earnings from an endowment held for its benefit by the Vancouver Foundation. The capital of the fund is not available to CNIB and as such is not recorded in the financial statements.

During the year, CNIB received $103 (2019 - $99) of interest income from the Vancouver Foundation CNIB, B.C. - Yukon Division, Endowment Fund which had a market value as at March 31, 2020 of $2,449 (2019 - $2,692).

13. Commitments and contingencies:

(a) Lease obligations:

CNIB has commitments with respect to operating leases for premises, vehicles and equipment. The minimum annual commitment under these leases is approximately as follows:

2021	$	5,037
2022		3,527
2023		2,895
2024		2,260
2025		1,907
Thereafter		4,898
	$	20,524

(b) Letters of credit:

CNIB has various standby letters of credit with a financial institution totaling $249 (2019 - $249) for operations.

CNIB has a standby letter of credit with a financial institution totaling $376 (2019 - $376) to fund special contributions for its deferred benefit pension plan.

(in thousands of dollars except as noted)

13. Commitments and contingencies (continued):

(c) Legal matters:

From time to time, CNIB is subject to legal actions arising in the ordinary course of operations. While it is not feasible to predict the outcome of these actions, it is the opinion of management that the resolution of these matters will not materially affect CNIB's financial position.

14. Alberta reporting requirements:

The Alberta Charitable Fund-raising Act requires charitable organizations to disclose the remuneration paid to their Alberta employees whose principal duties involve fundraising. CNIB paid $236 (2019 - $86) to its Alberta fundraising employees which is included in the fund development costs.

15. Allocation of expenses:

General support expenses have been allocated as follows:

	2020	2019
Community-based programs and services	$ 1,287	$ 1,499
Fund development	652	965
Retail lottery and gaming operations	544	75
	$ 2,483	$ 2,539

Fund development expenses are not allocated.

16. Change in non-cash working capital:

Change in non-cash working capital has been calculated as follows:

	2020	2019
Accounts receivable and prepaid expenses	$ (20)	$ (1,414)
Inventory and supplies	31	(34)
Accounts payable and accrued liabilities	731	(2,049)
Due to related organizations	(355)	886
	$ 387	$ (2,611)

17. Financial risks:

(a) Interest rate risk:

CNIB is exposed to interest rate risk on its fixed rate financial instruments. Further details about the fixed rate investments are included in note 3 and CNIB has formal policies and procedures that establish target asset mix, minimum credit ratings and varying terms of the securities held. CNIB's bank indebtedness has a variable interest rate based on bank prime plus a margin. As a result, CNIB is exposed to interest rate risk due to fluctuations in the bank prime rate.

(b) Market risk:

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose CNIB to a risk of loss. CNIB mitigates this risk through controls to monitor concentration levels.

(c) Currency risk:

CNIB is exposed to currency risk arising from gains and losses due to fluctuations in foreign currency exchange rates on CNIB’s non-Canadian securities. Foreign currency risk is managed through construction of a diversified portfolio of instruments in various currencies.

(d) Credit risk:

CNIB is exposed to credit-related losses in the event of non-performance by counterparties to the financial instruments. Credit exposure is minimized by dealing only with creditworthy counterparties.

(e) Liquidity risk:

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

18. Controlled and related not-for-profit entities:

VLRC and DBCS operate with an independent Board of Directors. CNIB monitors activities of the entities as the sole member and remains contingently liable for certain obligations of VLRC and DBCS. These entities deliver certain government funded programs as an agent of CNIB and directly for the programs for which they receive government funding.

Under corporate services agreements with VLRC and DBCS effective April 1, 2018, CNIB agrees to perform financial management and administrative functions on behalf of the entities. The agreement is for a five-year term but may be terminated by either party providing 90 days or more notice to the other organization. The administration costs are estimates based on actual costs of finance, information technology, human resources and other costs required to operate the entity in a cost-efficient manner.

All intercompany transactions are measured at the exchange amount of consideration established and agreed to by the related organizations, and are within the normal course of operations. The amounts due to VLRC and DBCS have no specified terms of repayment.

(in thousands of dollars except as noted)

18. Controlled and related not-for-profit entities (continued):

These non-consolidated financial statements of CNIB include the following amounts with respect to the controlled and related not-for-profit entities:

Rehabilitation and deafblind services	2020	2019
Revenue received by CNIB:		
Government support	$ 13,022	$ 30,323
Rent	2,156	3,168
Fee for service	4,458	4,358
	19,636	37,849
Expenses paid by CNIB:		
Professional fees	15,436	31,500
Occupancy	2,156	2,629
Support services	4,458	4,358
	22,050	38,487
	$ (2,414)	$ (638)

(a) VLRC:

VLRC was incorporated on May 10, 2017 under the Canada Not-for-profit Corporations Act by the issuance of a Certificate of Incorporation by the federal government through Corporations Canada. VLRC is a health services organization that provides training that enables people who are blind or partially sighted to develop or restore key daily living skills, helping to enhance their independence, safety and mobility. VLRC's certified specialists work closely with ophthalmologists, optometrists and other health care professionals, providing essential care on a referral basis in homes and communities across Canada. VLRC is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

(in thousands of dollars except as noted)

18. Controlled and related not-for-profit entities (continued):

(a) VLRC (continued):

The following is a summary of the financial statements of VLRC:

		2020		2019
Statement of financial position				
Assets	$	2,671	$	992
Liabilities		2,609	$	868
Net Assets		62	$	124
Statement of operations				
Revenue	$	28,257	$	26,778
Expenses		28,099	$	26,768
Surplus		158	$	10
Cash flows				
Cash from operations	$	1,680	$	62
Net cash position	$	1,742	$	62

CNIB charged administrative services to VLRC amounting to $2,111 (2019 - $1,964), in accordance with the corporate services agreement.

CNIB charged occupancy costs to VLRC amounting to $1,966 (2019 - $3,002), in accordance with the corporate services agreement.

VLRC provided rehabilitation services on behalf of CNIB in accordance with the terms and conditions of contracts with provincial governments. In fiscal 2020, CNIB paid a total of $6.7 million (2019 - $24.1 million) to VLRC with respect to these contracts.

At the end of the fiscal year, CNIB owed $434 (2019 - $742) to VLRC.

(in thousands of dollars except as noted)

18. Controlled and related not-for-profit entities (continued):

(b) DBCS:

DBCS was incorporated on July 27, 2017 under the Canadian Not-for-profit Corporations Act. DBCS is one of the leading providers of specialized support and emergency services for people who are deafblind, focused primarily in Ontario. DBCS is committed to promoting health by providing intervener services to enable deafblind persons to live as independently as possible; to operate educational programs in literacy, life skills and technology training for deafblind persons; and to provide support services, communication, assistance, and referral to other community services to deafblind persons as well as their caregivers and family members. DBCS is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The following is a summary of the financial statements of DBCS:

		2020		2019
Statement of financial position				
Assets	$	235	$	228
Liabilities	$	273	$	215
Net Assets	$	(38)	$	13
Statement of operations				
Revenue	$	6,858	$	6,199
Expenses	$	6,858	$	6,199
Surplus	$	–	$	–
Cash flows				
Cash from operations	$	(13)	$	31
Net cash position	$	18	$	31

CNIB charged administrative services to DBCS amounting to $466 (2019 - $462), in accordance with the corporate services agreement.

18. Controlled and related not-for-profit entities (continued):

(b) DBCS (continued):

CNIB charged occupancy costs to DBCS amounting to $190 in 2020 (2019 - $166), in accordance with the corporate services agreement.

DBCS provided deafblind services on behalf of CNIB in accordance with the terms and conditions of contracts with Ontario government. In fiscal 2020, CNIB paid a total of $6.3 million (2019 - $6.2 million) to DBCS with respect to these contracts.

At the end of the current fiscal year, CNIB owed $97 (2019 - $144) to DBCS.

19. Significant event:

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of CNIB in future periods.