VISION LOSS REHABILITATION CANADA

RÉADAPTATION EN DÉFICIENCE VISUELLE CANADA

Financial Statements of

VISION LOSS REHABILITATION CANADA

Year ended March 31, 2020

These financial statements and the associated notes reflect the audited financial statements and notes.

VISION LOSS REHABILITATION CANADA
March 31, 2020
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Independent Auditor's Report

To the Board of Directors and Member of
Vision Loss Rehabilitation Canada

Opinion

We have audited the financial statements of Vision Loss Rehabilitation Canada ("VLRC"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of VLRC 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 Financial statements* section of our report. We are independent of VLRC in accordance with the ethical requirements that are relevant to our audit of the 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 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 VLRC'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 VLRC or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 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 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 VLRC'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 VLRC'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 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 VLRC 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.

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
June 25, 2020

VISION LOSS REHABILITATION CANADA

Statement of Financial Position
(in thousands of dollars)
March 31, 2020

		2020		2019
Assets				
Current assets:				
Cash	$	1,742	$	62
Accounts receivable and prepaid expenses		480		78
Due from related organization (note 9)		434		742
		2,656		882
Accrued pension asset (note 2)		15		110
	$	2,671	$	992
Liabilities and Fund Balances				
Current liability:				
Accounts payable and accrued liabilities		1,182		850
Deferred contributions				
Expenses of future periods (note 4)		1,427		18
	$	2,609	$	868
Fund balance				
Unrestricted operating fund		62		124
Commitments and Contingencies (note 5)				
	$	2,671	$	992

See accompanying notes to financial statements

On behalf of the Board of Directors:

Digitally signed by Eric Hanna
DN: cn=Eric Hanna, o=Arnprior Regional Health, ou, email=Eric.Hanna@arnpriorhealth.ca, c=CA
Date: 2020.06.26 09:15:37 -04'00'

Chair, Board of Directors

Chair, Resource Committee

VISION LOSS REHABILITATION CANADA

Statement of Operations and Changes in Fund Balance
(in thousands of dollars)
Year ended March 31, 2020

	2020	2019
Revenue:		
Gifts from registered charities (note 9)	$ 2,267	$ 1,169
Funding from related organization (note 9)	6,716	24,151
Government funding towards programs and services	18,455	574
Fees for service	651	654
Funding for assistive devices	114	111
Other	54	119
	28,257	26,778
Expenses:		
Sight Enhancement	12,509	11,708
Sight Substitution	9,828	9,974
Patient Navigation	1,942	1,865
Children and Families	2,286	2,642
Career Development	594	579
Eye Van	940	-
	28,099	26,768
Excess of revenue over expenses	$ 158	$ 10
Net change	158	10
Fund balance, beginning of the year	124	-
Pension plan remeasurement (note 2)	(220)	114
Fund balance, end of the year	$ 62	$ 124

See accompanying notes to financial statements

VISION LOSS REHABILITATION CANADA

Statement of Cash Flows
(in thousands of dollars)
Year ended March 31, 2020

		2020		2019
Cash provided by (used in):				
Operating activities:				
Excess of revenues over expenses	$	158	$	10
Pension expense (note 2)		813		948
Pension employer contributions (note 2)		(938)		(944)
Deferred contributions related to expenses of future periods (note 4)		1,409		18
Change in non-cash working capital (note 7)		238		30
Change in cash		1,680		62
Cash, beginning of year		62		-
Cash, end of year	$	1,742	$	62

See accompanying notes to the financial statements

Vision Loss Rehabilitation Canada ("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, and commenced operations on April 1, 2018. VLRC is a health services organization, provides training that enables people who are blind or partially sighted to develop or restore key daily living skills, helping 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.

Effective April 1, 2018, the Canadian National Institute for the Blind (CNIB) transferred certain operations representing government funded rehabilitation programs to VLRC. Further information can be found in note 9.

1. Significant accounting policies:

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

(a) Revenue recognition:

VLRC follows the deferral method of accounting for contributions which includes government support.

Unrestricted contributions which includes contributions from CNIB are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently measured at cost or amortized cost. Given the nature of the financial instruments, VLRC has elected to carry the instruments at amortized cost.

1. Significant accounting policies (continued):

(c) Contributed Services:

VLRC 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.

(d) Employee future benefits:

CNIB administers the Pension Plan for Employees of VLRC under a Pension Participation Agreement. 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. VLRC does not provide any non-pension, post-retirement benefits.

VLRC uses the immediate recognition approach to account for its defined benefit provision. VLRC 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.

1. Significant accounting policies (continued):

(d) Employee future benefits (continued):

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 portion is based on percentage of the employee's pensionable earnings.

(e) Allocation of expenses:

VLRC classifies expenses on the statement of operations by function. General support expenses are allocated by identifying the appropriate drivers such as operational activities, square footage, employee count, total revenue, total expenses, and applying these bases consistently.

(f) Use of estimates:

The preparation of 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 financial statements, and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include accrued liabilities and obligations related to employee future benefits. Actual results could differ from these estimates.

(in thousands of dollars except as noted)

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	$ 2,278	$ 1,119
Fair value of defined benefit provision assets	2,293	1,229
Funded status - plan surplus	15	110
Accrued benefit asset	$ 15	$ 110

Defined benefit assets consist of:

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

The significant actuarial assumptions adopted in measuring VLRC'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%

(in thousands of dollars except as noted)

2. Accrued pension asset (continued):

The change in this balance is calculated as follows:

		2020		2019
Balance, beginning of year	$	110	$	-
Employer contributions		938		944
Remeasurements in the statement of changes in Fund Balance		(220)		114
VLRC's defined benefit provision expense for the current year was as follows:				
Current service cost		(813)		(948)
Net pension plan expense		(813)		(948)
Balance, end of year	$	15	$	110

VLRC's defined contribution provision expense for the current year was $277. (2019 - $225)

3. Credit facility:

VLRC has a credit facility available to fund operations and capital expenditures, totalling $0.75 million at prime plus 0.25%. This amount is due upon demand and is secured by a general security agreement. No amounts were drawn on the credit facility at year-end. (2019 - $nil)

(in thousands of dollars except as noted)

4. Deferred contributions - expenses of future periods:

Deferred contributions are related to the funding of expenses of future periods representing unspent, externally restricted contributions.

	2020	2019
Balance, beginning of year	$ 18	$ -
Add: Amount received in the year	1,427	18
Less: Amount recognized as revenue in the year	(18)	-
	1,409	18
Balance, end of the year	$ 1,427	$ 18

5. Commitments and contingencies:

Lease obligations:

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

2021	$ 101
2022	94
2023	94
2024	64
2025	48
Thereafter	200
Total	$ 601

(in thousands of dollars except as noted)

6. Allocation of expenses:

General support expenses have been allocated as follows:

	2020	2019
Sight Enhancement	$ 418	$ 2,693
Sight Substitution	328	2,294
Patient Navigation	65	391
Children and Families	66	234
Career Development	14	108
Eye Van	29	-
	$ 920	$ 5,720

7. Change in non-cash working capital:

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

	2020	2019
Accounts receivable and prepaid expenses	$ (402)	$ (78)
Accounts payable and accrued liabilities	332	850
Due from (to) related organization	308	(742)
	$ 238	$ 30

8. Financial risks:

Credit risks:

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

(in thousands of dollars except as noted)

9. Related party transactions:

A summary of the related party transactions and balances is as follows:

	2020	2019
(a) Transactions with CNIB:		
Revenue:		
Contributions from CNIB	$ 2,267	$ 1,169
Fee for services rendered on behalf of CNIB	6,716	24,151
	$ 8,983	$ 25,320
Expenses:		
Purchased Services	$ 2,509	$ 3,528
Support Services	$ 3,162	$ 3,087
Services rendered on behalf of CNIB:	$ 8,983	$ 25,320
(b) Due from CNIB at fiscal year-end:	$ 434	$ 742

All intercompany transactions are measured at the exchange amount in accordance with an agreement effective April 1, 2018 between CNIB and VLRC, whereby CNIB, as the sole member of VLRC, agreed to provide certain services to VLRC. The agreement is for an indefinite term but may be terminated by either party providing 90 days or more notice to the other party.

Contributions from CNIB and fee for services rendered on behalf of CNIB are shown as revenue in the Statement of Operations and Changes in Fund Balance; Support Services and Services rendered on behalf of CNIB are included in all expense categories shown in the Statement of Operations and Changes in Fund Balance. Amounts due from CNIB have no specified terms of repayment.

10. Significant event - COVID

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 VLRC in future periods.