

**THE BERMUDA SOCIETY FOR THE BLIND**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**MARCH 31, 2018**



**Arthur Morris & Company Limited**  
Chartered Professional Accountants

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**INDEPENDENT AUDITORS' REPORT**

**To the Members of  
The Bermuda Society for the Blind**

We have audited the accompanying financial statements of The Bermuda Society for the Blind (the "Society"), which comprise the statement of financial position as at March 31, 2018 and the statement of operations, changes in net assets and cash flows 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 the CPA Canada Handbook - Part III, Accounting Standards for Not-for-Profit Organizations ("ASNPO") 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. Except as outlined below, we conducted our audit in accordance with Canadian auditing standards. Those standards require that we 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 auditors' 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 the Trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for Qualified Opinion**

We did not observe the counting of physical inventory as at March 31, 2018, nor were we able to satisfy ourselves concerning those inventory quantities by alternative means. Since inventory enters into the determination of the results of operations and cash flows, we were not able to determine whether adjustments might be necessary to inventory, expenses, excess (deficiency) of revenues over expenses, assets, net assets and cash provided by operations.

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## **Independent Auditors' Report**

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In common with many non-profit organizations, the Society derives a significant portion of its revenue from donations and fund raising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses, assets and net assets.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matters described in the Basis for Qualification paragraphs, the financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with CPA Canada Handbook - Part III, Accounting Standards for Not-for-Profit Organizations.

### **Emphasis of Matter**

We draw your attention to note 12 of the financial statements which describes the relationship between a director of the Society and the auditors.

A handwritten signature in cursive script that reads "Arthur Morris + Company Limited". The signature is written in dark ink and is positioned above the printed name of the firm.

**Hamilton, Bermuda**  
**October 15, 2018**

**THE BERMUDA SOCIETY FOR THE BLIND**

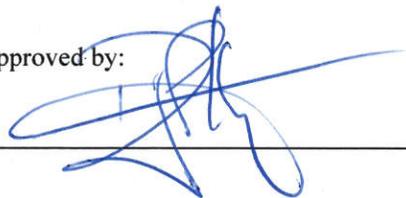
**STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2018**

**(Expressed in Bermuda dollars)**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (note 2a)	\$ 174,952	\$ 197,024
Restricted cash (note 5)	286,619	223,393
Accounts receivable	36,290	30,045
Inventory and equipment (note 3)	11,954	9,732
Prepaid expenses	<u>-</u>	<u>1,942</u>
	509,815	462,136
<b>CAPITAL ASSETS (note 2c)</b>	<u>25,317</u>	<u>1,101</u>
	<u>\$ 535,132</u>	<u>\$ 463,237</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 10,926	\$ 6,901
Unearned revenue	-	1,500
Deferred contributions (note 5)	<u>286,619</u>	<u>223,393</u>
	297,545	231,794
<b>NET ASSETS</b>		
Unrestricted net assets	<u>237,587</u>	<u>231,443</u>
	<u>\$ 535,132</u>	<u>\$ 463,237</u>

Approved by:

  
 \_\_\_\_\_ President

DAVID PETTY

  
 \_\_\_\_\_ Treasurer

FRANCES ST. MANOUS

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

**THE BERMUDA SOCIETY FOR THE BLIND**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31, 2018**

**(Expressed in Bermuda dollars)**

	<b>2018</b>	<b>2017</b>
<b>REVENUES</b>		
Vision equipment sales	\$ 4,560	\$ 2,763
Cost of goods sold (notes 3 & 4)	<u>(4,106)</u>	<u>(5,777)</u>
	<u>454</u>	<u>(3,014)</u>
Donations (notes 6 and 7)	207,255	166,092
Government grant	30,000	30,000
Investment income - Lady Hall Trust	19,491	29,602
Rental income (note 8)	18,000	18,000
Other income	11,267	762
Union dues	1,969	3,269
Membership dues	<u>940</u>	<u>1,460</u>
	<u>288,922</u>	<u>249,185</u>
Total revenue	<u>289,376</u>	<u>246,171</u>
<b>EXPENSES</b>		
Salaries and other employment costs	189,656	207,192
Program expenses	15,867	14,797
Professional fees (note 7)	15,136	12,160
Direct assistance	14,641	15,034
Purchase of equipment/building renovations (note 6)	11,224	1,716
Miscellaneous	10,096	5,431
Utilities	6,107	5,547
I T Support	5,750	6,825
Insurance (note 8)	5,252	5,124
Office supplies	4,659	4,096
Housekeeping	2,301	2,700
Repairs and maintenance	2,057	1,887
Marketing and promotion	486	-
Security system	<u>-</u>	<u>2,790</u>
	<u>283,232</u>	<u>285,299</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ 6,144</u>	<u>\$ (39,128)</u>

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

**THE BERMUDA SOCIETY FOR THE BLIND**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

(Expressed in Bermuda dollars)

	2018	2017
<b>UNRESTRICTED NET ASSETS</b>		
Balance, beginning of year	\$ 231,443	\$ 270,571
Excess (deficiency) of revenues over expenses	<u>6,144</u>	<u>(39,128)</u>
Balance, end of year	<u>\$ 237,587</u>	<u>\$ 231,443</u>

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

**THE BERMUDA SOCIETY FOR THE BLIND**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED MARCH 31, 2018**

**(Expressed in Bermuda dollars)**

	<b>2018</b>	<b>2017</b>
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 6,144	\$ (39,128)
Changes in non-cash operating balances:		
Accounts receivable	(6,245)	1
Inventory and equipment	(2,222)	(6,058)
Prepaid expenses	1,942	(1,942)
Accounts payable and accrued liabilities	4,025	6,901
Unearned revenue	(1,500)	1,500
Deferred contributions	<u>63,226</u>	<u>67,129</u>
Net cash provided by operating activities	<u>65,370</u>	<u>28,403</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>(24,216)</u>	<u>(1,100)</u>
<b>NET INCREASE IN CASH</b>	41,154	27,303
<b>CASH, beginning of year</b>	<u>420,417</u>	<u>393,114</u>
<b>CASH, end of year</b>	<u>\$ 461,571</u>	<u>\$ 420,417</u>
 Total cash is derived from the following balance sheet items:		
	<b>2018</b>	<b>2017</b>
Cash	\$ 174,952	\$ 197,024
Restricted cash (note 5)	<u>286,619</u>	<u>223,393</u>
	<u>\$ 461,571</u>	<u>\$ 420,417</u>

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

**THE BERMUDA SOCIETY FOR THE BLIND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

**(Expressed in Bermuda dollars)**

**1. PURPOSE OF THE ORGANIZATION**

The Bermuda Society for the Blind (the “Society”) was incorporated by an Act of Parliament on January 26, 1957 and is registered under The Charities Act 1978 in Bermuda.

The purpose of the Society is to promote the welfare, education and employment of the blind and to prevent blindness in Bermuda.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the Chartered Professional Accountants (“CPA”) Canada Handbook Accounting - Part III, Accounting Standards for Not-for-Profit Organizations (“ASNPO”).

**a) Cash**

Cash is comprised of cash held with banks. Included in cash as at March 31, 2018 is \$48,800 held in a separate bank account and intended to match an equal amount currently pledged by Lions International towards the planned renovations to Beacon House. See Note 2c.

**b) Inventory and equipment**

Inventory and equipment are valued at the lower of cost and net realizable value.

**c) Capital assets**

The Society owns the freehold title to Beacon House, 3 Beacon Street, Hamilton, HM 10. The capital assets were acquired for minimal consideration and are reflected in the accompanying statements of financial position at a nominal value of \$1.

The Society has contracted with a local and overseas architect in order to draw up plans for the renovation of Beacon House. During the year, \$24,216 (2017 - \$1,100) was paid in respect of these plans and has been included in renovations in progress. Once these renovations have been completed, these costs, along with all other building renovation related costs, will be amortized on a straight-line basis over their expected life of 40 years. See Note 5.

**d) Revenue recognition**

The Society follows the deferral method of accounting for contributions. Internally and externally restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Investment income earned on investments held by the estate of Lady Hall is contributed to the Society for the purpose of operating activities. Unrestricted investment income is recognized as revenue when received.

**THE BERMUDA SOCIETY FOR THE BLIND**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
**(Expressed in Bermuda dollars)**

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

**e) Contributed services**

Volunteers contribute a significant number of hours each year assisting the Society in carrying out its services to the community. Since these services are not normally purchased by the Society, and because of the difficulty in determining their fair value, contributed services, excluding those where a fair value can be readily determined (note 7), are not recognized in these statements.

**f) Use of estimates**

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While management believes that the amounts included in the financial statements reflect the Society's best estimates and assumptions, actual results could differ from these estimates.

**3. INVENTORY AND EQUIPMENT**

Details of inventory and equipment are as follows:

	<b>2018</b>	<b>2017</b>
Inventory and equipment, beginning of year	\$ 9,732	\$ 3,674
Purchases	6,328	11,835
Cost of goods sold (note 4)	<u>(4,106)</u>	<u>(5,777)</u>
Inventory and equipment, end of year	<u>\$ 11,954</u>	<u>\$ 9,732</u>

**4. COST OF GOODS SOLD**

Details of cost of goods sold are as follows:

	<b>2018</b>	<b>2017</b>
Direct materials (note 3)	<u>\$ 4,106</u>	<u>\$ 5,777</u>

Included in direct materials is an amount of \$2,282 (2017 - \$Nil) which represents the write off of monies received from three clients to pay for certain items the Society was purchasing on their behalf. These monies were stolen from the offices and despite staff and police involvement were never recovered.

**THE BERMUDA SOCIETY FOR THE BLIND**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED MARCH 31, 2018**

**(Expressed in Bermuda dollars)**

**5. DEFERRED CONTRIBUTIONS**

Deferred contributions represent donations received or allocated for specific projects or where the donor has restricted use. Deferred contributions are comprised of:

	<b>2018</b>	<b>2017</b>
Building	\$ 286,619	\$ 210,152
Operations and other	<u>-</u>	<u>13,241</u>
	<u>\$ 286,619</u>	<u>\$ 223,393</u>

Deferred contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.

Deferred contributions relating to the building will be recognized in donation income on a straight line basis over 40 years, the same basis under which the capitalized assets will be amortized. The operations and other amount represented restricted funding received that was related to subsequent years.

Cash in the amount of the deferred contributions has been restricted for such use.

**6. NET ASSETS**

During 2018 the Society received donations from which the Board of Directors approved \$74,450 (2017 - \$68,845) to be transferred internally to deferred contributions. The Society has agreed not to utilize these funds for general operating expenses but rather for the purchase of equipment or improvement to the plant. During 2018, restricted donations in the amount of \$11,224 (2017 - \$1,716) were used for the purchase of equipment and payment of professional fees in respect of the Beacon House renovation project.

**7. DONATIONS-IN-KIND**

The Society received \$10,000 (2017 - \$10,000) as donations-in-kind for audit fees during the year and has recognized the matching expense in the statement of operations.

**8. RENTAL INCOME**

A portion of the building has been rented to the Bermuda Diabetes Association during the current and prior year. In lieu of rental income, the Bermuda Diabetes Association had been responsible for the payment of expenses such as building insurance, a portion of the utilities and general maintenance costs. Effective August 2011, the Bermuda Diabetes Association obtained additional rental space and is paying a monthly rent of \$1,500 and a portion of utilities but the Society is responsible for the building insurance. The Bermuda Diabetes Association are now in the process of renovating their own building on Dundonald Street and have advised that they anticipate leaving Beacon House in early 2019.

**THE BERMUDA SOCIETY FOR THE BLIND**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
**(Expressed in Bermuda dollars)**

**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Fair Value**

The Society's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. The carrying value of cash, accounts receivable and accounts payable and accrued liabilities approximate fair value due to their short-term nature.

**Credit Risk**

Cash and accounts receivable potentially expose the Society to credit risk. In management's opinion, the risk of loss due to credit risk is not significant as cash is held with a financial institution which has a high credit rating and management actively monitors the recoverability of accounts receivable and establishes a provision for doubtful accounts on a specific identification basis.

**Liquidity Risk**

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. The Society manages its liquidity risk by ensuring it always has sufficient cash to meet its obligations when due and the Society continuously monitoring and reviewing cash flow.

**10. CAPITAL MANAGEMENT**

The Society manages its capital to mitigate the foregoing risks and to provide reasonable assurance that it will be able to meet its requirements and continue as a going concern.

**11. SUBSEQUENT EVENT**

Management has evaluated subsequent events for recognition and disclosure to October 15, 2018, which is the date that the financial statements were available to be issued.

The Society has changed its name to "Vision Bermuda" effective September 7, 2018.

**12. RELATIONSHIP WITH AUDITORS**

These financial statements have been audited by Arthur Morris & Company Limited, a director of which is also a director of the Society. The director has no beneficial interest in The Bermuda Society for the Blind.