



Financial Statements of
THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND
Year ended March 31, 2011



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Canadian National Institute for the Blind, which comprise the statement of financial position as at March 31, 2011, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 generally accepted accounting principles, 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 audit. We conducted our audit in accordance with Canadian generally accepted 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 our 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, we consider 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.

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



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Basis for Qualified Opinion

In common with many charitable organizations, The Canadian National Institute for the Blind derives revenue from support from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the entity and we were not able to determine whether, as at and for the year ended March 31, 2011, any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures, assets and net asset balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Canadian National Institute for the Blind as at March 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the Canada Corporations Act, we report that, in our opinion, these accounting policies applied in preparing and presenting the financial statements in accordance with Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Accountants, Licensed Public Accountants

June 23, 2011
Toronto, Canada

The Canadian National Institute for the Blind

Statement of Financial Position

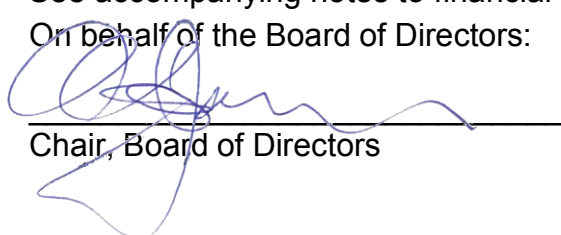
(in thousands of dollars)

March 31, 2011, with comparative information for 2010

	2011	2010
Assets		
Current assets:		
Cash	\$ 1,541	\$ 1,135
Accounts receivable and pre-payments	4,048	4,580
Inventories and supplies	603	709
	<u>6,192</u>	<u>6,424</u>
Mortgage receivable (note 2)	2,175	-
Investments (note 3)	34,696	36,693
Capital assets (note 4)	54,091	55,981
	<u>\$ 97,154</u>	<u>\$ 99,098</u>
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Bank indebtedness (note 5)	\$ -	\$ 2,297
Mortgage - current portion (note 6)	667	667
Accounts payable and accrued liabilities (note 6)	6,718	6,463
	<u>7,385</u>	<u>9,427</u>
Mortgage (note 6)	5,997	6,664
Accrued pension liability (note 7)	2,676	3,682
Deferred contributions:		
Expenses of future periods (note 8(a))	13,674	11,016
Capital assets (note 8(b))	14,594	15,325
	<u>28,268</u>	<u>26,341</u>
Net assets:		
Invested in capital assets (note 10)	32,822	33,296
Endowments (note 11)	7,867	7,550
Internally restricted (note 11)	12,644	13,582
Net unrealized investment gain (loss)	484	(1,444)
Unrestricted	(989)	-
	<u>52,828</u>	<u>52,984</u>
Commitments and contingencies (note 12)		
	<u>\$ 97,154</u>	<u>\$ 99,098</u>

See accompanying notes to financial statements

On behalf of the Board of Directors:


 Chair, Board of Directors


 Chair, Finance and Risk Management Committee

The Canadian National Institute for the Blind

Statement of Operations

(in thousands of dollars)

Year ended March 31, 2011, with comparative information for March 31, 2010

	2011	2010
Revenue		
Support from the public	\$ 28,451	\$ 33,542
Government funding towards programs and services	25,169	22,966
Retail lottery and gaming operations	10,105	8,873
Investment revenue	1,283	1,704
Fees for service	1,677	1,725
Consumer products and assistive technology sales	3,992	3,430
Amortization of deferred capital contributions (note 8(b))	1,282	1,780
Other revenue	2,704	3,047
	<u>74,663</u>	<u>77,067</u>
Expenditures		
Community-based programs and services	49,624	50,086
Public education and advocacy	3,881	3,281
Research	1,122	1,003
	<u>54,627</u>	<u>54,370</u>
Other:		
Fund development (note 13)	13,650	14,227
Retail lottery and gaming operations	8,042	7,398
Administration	2,145	2,454
Other expenditures	482	461
Restructuring	583	-
	<u>24,902</u>	<u>24,540</u>
	<u>79,529</u>	<u>78,910</u>
Gain on sale of capital assets	2,465	1,847
Excess (deficiency) of revenue over expenditures	\$ (2,401)	\$ 4

See accompanying notes to financial statements

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND

Statement of Changes in Net Assets

(in thousands of dollars)

Year ended March 31, 2011, with comparatives for March 31, 2010

	Invested in capital assets (note 10)	Endowments (note 11)	Internally restricted (note 11)	Net unrealized investment loss (note 3)	Unrestricted	Total 2011	Total 2010
Balance, beginning of year	\$ 33,296	\$ 7,550	\$ 13,582	\$ (1,444)	\$ -	\$ 52,984	\$ 47,348
Excess (deficiency) of revenue over expenditures	(2,109)	-	-	-	(292)	(2,401)	4
Endowment contributions	-	317	-	-	-	317	506
Invested in capital assets	1,635	-	-	-	(1,635)	-	-
Internally restricted	-	-	(938)	-	938	-	-
Unrealized gain (loss) on investments	-	-	-	1,928	-	1,928	(5,126)
Balance, end of year	\$ 32,822	\$ 7,867	\$ 12,644	\$ 488	\$ (989)	\$ 52,828	\$ 52,984

See accompanying notes to financial statements

The Canadian National Institute for the Blind

Statement of Cash Flows

(in thousands of dollars)

Year ended March 31, 2011, with comparative information for 2010

	2011	2010
Cash provided by (used for):		
Operating activities:		
Excess (deficiency) of revenues over expenditures	\$ (2,401)	\$ 4
Items not involving cash:		
Amortization of capital assets	3,033	5,016
Amortization of deferred contributions related to expenses of future periods	(18,499)	(17,491)
Amortization of deferred contributions related to capital assets	(1,282)	(1,780)
Gain on sale of capital assets	(2,465)	(1,847)
Pension expense	1,826	2,021
Pension employer contributions	(2,832)	(2,338)
Deferred contributions related to expenses of future periods	21,251	19,940
Change in non-cash working capital	893	(2,220)
	(476)	1,305
Financing activities:		
Payment of mortgage	(667)	(667)
Deferred contributions related to capital assets	457	504
Endowment contributions	317	506
	107	343
Investing activities:		
Proceeds from disposal of capital assets	2,823	2,506
Sale of investments	4,000	60
Purchase of investments	(75)	(408)
Mortgage receivable	(2,175)	-
Purchase of capital assets	(1,501)	(2,502)
	3,072	(344)
Change in cash and bank indebtedness	2,703	1,304
Cash and bank indebtedness, beginning of year	(1,162)	(2,466)
Cash and bank indebtedness, end of year	\$ 1,541	\$ (1,162)
Cash and bank indebtedness is comprised of:		
Cash	\$ 1,541	\$ 1,135
Bank indebtedness	-	(2,297)
	\$ 1,541	\$ (1,162)
Supplemental disclosure of cash transactions:		
Interest paid on mortgage	\$ 121	\$ 88
See accompanying notes to the financial statements		

The Canadian National Institute for the Blind

Notes to Financial Statements
(in thousands of dollars except as noted)
Year ended March 31, 2011

The Canadian National Institute for the Blind ("CNIB") is a nationwide, community-based, volunteer agency committed to research, public education and the vision health of all Canadians. It provides vital programs and services, innovative consumer products, and one of the world's largest libraries for people with print disabilities. CNIB also focuses on protection and prevention today, as well as on treatments and cures for tomorrow.

CNIB was incorporated on March 30, 1918 by Letters Patent under the Companies Amendment Act of 1917.

CNIB is a registered charity under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, CNIB must meet certain requirements under the Act. CNIB is in compliance with the requirements under the Act.

1. Significant accounting policies:

(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 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.

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. Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. All other 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.

The Canadian National Institute for the Blind

Notes to Financial Statements
(in thousands of dollars except as noted)
Year ended March 31, 2011

1. Significant accounting policies (continued):

(b) Financial instruments:

CNIB designated its cash as held-for-trading, which is measured at fair value. Accounts receivable are classified as loans and receivables which are measured at amortized cost. Accounts payable and accrued liabilities, bank indebtedness and mortgage are classified as other financial liabilities, which are measured at amortized cost.

CNIB has classified all of its investments as available for sale and carries them at fair value. Pooled funds are valued at year-end quoted market prices. The net unrealized gain or loss on investments, being the difference between book value and fair value, is included in the statement of changes in net assets. The fair value of investments is noted in note 3.

The carrying values of other financial assets and liabilities being cash, accounts receivable, bank indebtedness, and accounts payable and accrued liabilities approximate their fair values due to the relatively short-term maturity. The carrying value of the mortgage approximates its fair value due to the terms and conditions of the borrowing arrangements compared to current market terms and conditions for similar items.

CNIB has an interest rate swap which is recorded at market value under accounts payable and accrued liabilities and the change in market value is included in investment income on the Statement of Operations.

(c) Inventories and supplies:

Inventories and supplies are recorded at the lower of cost 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.

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 the lease

The Canadian National Institute for the Blind

Notes to Financial Statements
(in thousands of dollars except as noted)
Year ended March 31, 2011

1. Significant accounting policies (continued):

(e) Volunteer services:

CNIB benefits from substantial services in the form of volunteer time to fulfill its mission. Since these invaluable services are not purchased by CNIB, they are not recorded in these financial statements.

(f) Employee future benefits:

CNIB has a registered defined benefit pension plan which covers most of its employees and a non-registered defined benefit pension plan. The plans provide pension benefits based on years of service, years of contributions and final average earnings. The cost of the registered defined benefit plan is being funded currently. The cost of the non-registered plan is expensed and accrued currently and will be funded as benefits are paid. CNIB does not provide any significant non-pension, post retirement benefits. The defined benefit pension plan was closed to new entrants effective June 2010.

CNIB accrues its obligations under its employee pension plans as the employee renders the service necessary to earn the pension.

CNIB has adopted the following policies:

- (i) The costs of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. The interest discount rate is determined in accordance with guidelines as set out in the Canadian Institute of Chartered Accountants (CICA) Handbook.
- (ii) For the purpose of calculating the expected return on plan assets, those assets are valued at fair value as at March 31, 2011. The most recent actuarial valuation of the pension plan for funding purposes was as of December 31, 2010. The next required evaluation will be as of December 31, 2011.
- (iii) The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the market value of the plan assets is amortized over the expected average remaining service period of the active employees which, for the pension plan, is 7.0 years. Past service costs are amortized over 8.3 years.

CNIB introduced a defined contribution provision on July 1, 2010 to eligible employees with greater than two years of service.

The Canadian National Institute for the Blind

Notes to Financial Statements
(in thousands of dollars except as noted)
Year ended March 31, 2011

1. Significant accounting policies (continued):

(g) Allocation of expenses:

CNIB classifies expenditures on the Statement of Operations by functions. General support expenditures are allocated by identifying the appropriate drivers such as operational activities, square footage, employee count, and applying these bases consistently.

(h) Use of estimates:

The preparation of financial statements 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, expenditures and changes in net assets during the year. Actual results could differ from these estimates.

2. Mortgage receivable:

The mortgage receivable is measured at amortized cost with a fixed maturity date of March 14, 2013 in the amount of \$2,175. The rate of interest is prime + 1% calculated semi-annually with interest only payments due on the first day of each month.

3. Investments:

	2011		2010	
	Cost	Fair value	Cost	Fair value
Canadian fixed income securities	\$ 209	\$ 209	\$ 208	\$ 209
Investments held in pooled funds	34,003	34,487	37,929	36,484
	<u>\$ 34,212</u>	<u>\$ 34,696</u>	<u>\$ 38,137</u>	<u>\$ 36,693</u>

The Canadian fixed income securities produce a yield to maturity ranging from 0.3% to 3.8% (2010 - 0.2% to 3.8%) and have a term to maturity ranging from 0.3 to 2.0 years (2010 - 0.3 to 1.8 years).

The Canadian National Institute for the Blind

Notes to Financial Statements
(in thousands of dollars except as noted)
Year ended March 31, 2011

3. Investments (continued):

The investments held in pooled funds have the following composition:

	2011	2010
Canadian fixed income securities and cash	43%	45%
Canadian equities	24%	23%
U.S. and Global equities	33%	32%
Total	100%	100%

The Canadian fixed income securities held within the pooled funds have yields to maturity of 3.5% to 3.7% (2010 - 3.5% to 3.6%) and weighted average term to maturity in years ranging from 8.7 to 10.1 (2010 - 8.2 to 8.7 years).

Investment risk management:

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate, market and foreign currency risk and credit risk. CNIB has formal policies and procedures that establish target asset mix.

Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by CNIB. CNIB has formal policies and procedures that establish target asset mix, minimum credit ratings and varying terms of the securities held.

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 and limit concentration levels.

Foreign exchange risk:

Foreign exchange risk arises 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.

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 with only credit worthy counterparties.

The Canadian National Institute for the Blind

Notes to Financial Statements
(in thousands of dollars except as noted)
Year ended March 31, 2011

4. Capital assets:

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 6,360	\$ -	\$ 6,360	\$ 6,379
Buildings	61,712	17,735	43,977	45,086
Computer equipment and software	17,385	14,701	2,684	3,043
Vehicles	1,568	1,383	185	189
Furniture and office equipment	5,595	4,710	885	1,284
	\$ 92,620	\$ 38,529	\$ 54,091	\$ 55,981

5. Bank indebtedness:

CNIB has a credit facility available to fund operations and capital expenditures, totalling \$8 million at prime plus 0.5%. This amount is due upon demand and is secured by the land and property at 1929 Bayview Ave, Toronto, Ontario (CNIB Centre) and a general security agreement.

6. Mortgage:

The mortgage is due on March 31, 2016, repayable at a rate of \$55.6 thousand per month for the principal plus interest at prime. The loan is secured by a first fixed charge over the building and land located at the CNIB Centre. The interest expense for the year was \$121 (2010 - \$88).

CNIB has entered into an interest rate swap for the mortgage of the CNIB Centre. At March 31, 2011 the mark-to-market value of the swap is \$463 (2010 - \$516) and is recorded under accounts payable and accrued liabilities in the Statement of Financial Position, and the change in the mark-to-market value of the swap is recorded under investment revenue in the Statement of Operations. The swap has a total notional value of \$6,720 (2010 - \$7,387) and the effective interest rate for that portion of the mortgage is fixed at 5.33%.

The Canadian National Institute for the Blind

Notes to Financial Statements
 (in thousands of dollars except as noted)
 Year ended March 31, 2011

7. Accrued pension liability:

Information about CNIB's defined benefit pension plans as at March 31, is as follows:

	2011	2010
Accrued pension obligation	\$ 94,308	\$ 88,685
Plan assets	82,529	78,684
Funded status - deficit	(11,779)	(10,001)
Unamortized past service costs	1,874	2,155
Unamortized net actuarial loss	7,229	4,164
Accrued pension liability	\$ (2,676)	\$ (3,682)

Pension plan assets consist of:

	2011	2010
Canadian fixed income securities and cash	37%	40%
Equities	63%	60%
Total	100%	100%

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

	2011	2010
Accrued benefit obligation:		
Discount rate	5.50%	5.50%
Rate of compensation increase	3.00%	3.50%
Benefit costs:		
Discount rate	5.50%	5.50%
Expected long-term rate of return on plan assets	7.10%	7.10%
Rate of compensation increase	3.50%	3.50%

The Canadian National Institute for the Blind

Notes to Financial Statements
(in thousands of dollars except as noted)
Year ended March 31, 2011

7. Accrued pension liability:

CNIB's pension plan expense is as follows:

	2011	2010
Current service cost	\$ 2,296	\$ 1,811
Interest cost	4,907	5,174
Expected return on plan assets	(5,502)	(5,006)
Amortization of past service costs	281	281
Amortization of unrecognized net actuarial gain	(156)	(239)
Net pension plan expense	\$ 1,826	\$ 2,021

In the current year CNIB contributed \$47 to the defined contribution pension plan.

8. Deferred contributions:

(a) Expenses of future periods:

Deferred contributions related to expenses of future periods represent unspent, externally restricted amounts.

	2011	2010
Balance, beginning of year	\$ 11,016	\$ 8,761
Add: Amount received	21,251	19,940
Less: Amount recognized as revenue in year	(18,499)	(17,491)
Amount transferred to deferred capital assets	(94)	(194)
Balance, end of year	\$ 13,674	\$ 11,016

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

(b) Capital assets:

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

	2011	2010
Balance, beginning of year	\$ 15,325	\$ 16,407
Add: Amount received in the year	457	504
Amount transferred from expenses of future periods	94	194
Less: Amount recognized as revenue in year	(1,282)	(1,780)
Balance, end of year	\$ 14,594	\$ 15,325

The Canadian National Institute for the Blind

Notes to Financial Statements
 (in thousands of dollars except as noted)
 Year ended March 31, 2011

9. Capital disclosures:

CNIB defines its capital as the amounts included in its net asset balances. CNIB's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to its members and its stakeholders. A portion of CNIB's capital is restricted in that it is required to meet certain requirements. CNIB has internal control processes to ensure that the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the year. CNIB sets the amount of its internally restricted net asset balances in proportion to risk, manages the net asset structure and makes adjustments to them in light of changes in economic conditions and risk characteristics of the underlying assets.

10. Invested in capital assets:

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

	2011	2010
Capital assets:	\$ 54,091	\$ 55,981
Amounts financed by:		
Deferred capital contributions	(14,594)	(15,325)
Mortgage related to capital expenditures	(6,664)	(7,331)
Accounts payable and accrued liabilities	(11)	(29)
	<u>\$ 32,822</u>	<u>\$ 33,296</u>

The change in this balance is calculated as follows:

	2011	2010
Deficiency of revenue over expenditures:		
Amortization of deferred capital contributions	\$ 1,282	\$ 1,780
Unamortized costs of disposed capital assets	(358)	(660)
Amortization of capital assets	(3,033)	(5,016)
	<u>(2,109)</u>	<u>(3,896)</u>
Net change in invested in capital assets:		
Purchase of capital assets	1,501	2,502
Amounts funded by:		
Deferred capital contributions	(457)	(504)
Amount transferred from expenses of future periods	(94)	(194)
Mortgage related to capital expenditures	667	667
Accounts payable and accrued liabilities	18	88
	<u>1,635</u>	<u>2,559</u>
	<u>\$ (474)</u>	<u>\$ (1,337)</u>

The Canadian National Institute for the Blind

Notes to Financial Statements
(in thousands of dollars except as noted)
Year ended March 31, 2011

11. Restricted net assets:

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

The Board of Directors has designated certain net assets as internally restricted for research, specific program and working capital purposes. These net assets are to be used for their designated purposes unless otherwise determined by the Board of Directors.

In 2011, the Board of Directors authorized a transfer of \$938 from internally restricted to unrestricted.

	2010	Change	2011
Endowments	\$ 6,262	\$ 96	\$ 6,358
Endowments - research	1,288	221	1,509
	\$ 7,550	\$ 317	\$ 7,867

	2010	Change	2011
Internally restricted - research	\$ 6,097	\$ (176)	\$ 5,921
Internally restricted - other	801	(22)	779
Internally restricted - general	6,684	(740)	5,944
	\$ 13,582	\$ (938)	\$ 12,644

12. 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:

2012	\$ 2,693
2013	1,433
2014	744
2015	320
2016	114
Thereafter	160

In relation to these leases, CNIB has agreed to indemnify the landlords against losses occurring on the leased premises which may arise out of a breach of the lease agreement.

The Canadian National Institute for the Blind

Notes to Financial Statements
(in thousands of dollars except as noted)
Year ended March 31, 2011

(b) **Letters of credit:**

CNIB has various standby letters of credit with a financial institution totaling \$244 for operations and capital expenditures.

13. Alberta reporting requirements:

Direct fund development costs include \$399 (2010 - \$504) paid as remuneration to Alberta employees whose principal duties involve fundraising.

14. Allocation of expenses:

General support expenses have been allocated as follows:

	2011	2010
Community-based programs and services	\$ 2,586	\$ 2,655
Public education and advocacy	163	162
Research	30	28
Fund development	540	534
Retail lottery and gaming operations	251	249
	<u>\$ 3,570</u>	<u>\$ 3,628</u>

Fund development expenditures are not allocated.

15. Indemnifications of directors and officers:

CNIB has indemnified its past, present and future directors, officers, employees and volunteers against expenses (including legal expenses), judgements and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to the best interests of CNIB. The nature of the indemnity prevents CNIB from reasonably estimating the maximum exposure. CNIB has purchased directors' and officers' liability insurance with respect to this indemnification.

16. Comparative figures:

Certain comparative figures for 2010 have been reclassified to conform to the financial statement presentation adopted in 2011.