Financial Statements of

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND

Year ended March 31, 2017

CANADIAN NATIONAL INSTITUTE FOR THE BLIND
March 31, 2017
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Independent Auditor's Report

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

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, 2017 and the statements of operations and changes in fund balances 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 Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Canadian National Institute for the Blind as at March 31, 2017, 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.

Chartered Professional Accountants
Licensed Public Accountants
June 22, 2017

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND
Statement of Financial Position
(In thousands of dollars)
March 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	$ 1,177	$ 1,477
Accounts receivable and pre-payments	3,523	4,900
Inventories and supplies	995	1,024
	5,695	7,401
Accrued pension asset (note 2)	15,250	6,211
Investments - general (note 3)	18,306	16,596
Investments – endowments (note 3)	9,950	9,649
Capital assets (note 4)	60,734	62,204
	$ 109,935	$ 102,061

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND
Statement of Financial Position
(In thousands of dollars)
March 31, 2017, with comparative information for 2016

	2017	2016
Liabilities, Deferred Contributions and Fund Balances		
Current liabilities:		
Bank indebtedness (note 5)	$ 742	$ 4,982
Current portion of term loan (note 6)	1,022	1,022
Accounts payable and accrued liabilities (note 6)	5,430	6,069
	7,194	12,073
Term loan (note 6)	13,278	14,300
Deferred contributions:		
Expenses of future periods (note 7)	7,017	5,648
Capital assets (note 8)	10,592	11,332
	30,887	31,280
	$ 38,081	$ 43,353
Fund balances:		
Endowments (note 11)	9,950	9,649
Invested in capital assets (note 10)	43,305	43,497
Internally restricted strategic reserve (note 9)	7,269	3,704
Unrestricted operating fund	11,330	1,858
	71,854	58,708
Commitments and contingencies (note 13)		
	$ 109,935	$ 102,061

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 and Changes in Fund Balances
(In thousands of dollars)
Year ended March 31, 2017, with comparative information for 2016

	Unrestricted operating fund	Internally restricted strategic reserve (note 9)	Invested in capital assets (note 10)	Endowments (note 11)	2017 Total	2016 Total
Revenue:						
Support from the public	$ 17,551	$ 7,583	$ –	$ –	$ 25,134	$ 24,949
Government funding towards programs and services	31,724	–	–	–	31,724	26,837
Retail lottery and gaming operations	9,894	–	–	–	9,894	10,387
Investment	2,248	4,328	–	128	6,704	1,760
Fees for service	1,170	–	–	–	1,170	1,181
Consumer products and assistive technology sales	3,855	–	–	–	3,855	4,140
Amortization of deferred capital contributions (note 8)	–	–	965	–	965	1,465
Other	838	–	–	–	838	2,320
Gain on sale of capital assets	86	–	–	–	86	97
	67,366	11,911	965	128	80,370	73,130

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND

Statement of Operations and Changes in Fund Balances
(In thousands of dollars)
Year ended March 31, 2017, with comparative information for 2016

	Unrestricted operating fund	Internally restricted strategic reserve	Invested in capital assets	Endowments	2017 Total	2016 Total
		(note 9)	(note 10)	(note 11)		
Expenses:						
Program:						
Community-based programs and services	48,502	–	2,148	90	50,740	51,171
Public education and advocacy	3,469	–	70	–	3,539	3,991
Research	316	–	5	38	359	379
	52,287	–	2,223	128	54,638	55,541
Other:						
Fund development (note 14)	9,820	–	163	–	9,983	10,676
Retail lottery and gaming Operations	7,629	–	88	–	7,717	8,223
Administration	2,145	–	251	–	2,396	2,369
Other	1,046	–	187	–	1,233	1,199
Restructuring	488	–	–	–	488	1,221
	21,128	–	689	–	21,817	23,688
	73,415	–	2,912	128	76,455	79,229

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND

Statement of Operations and Changes in Fund Balances
(In thousands of dollars)
Year ended March 31, 2017, with comparative information for 2016

	Unrestricted operating fund	Internally restricted strategic reserve	Invested in capital assets	Endowments	2017 Total	2016 Total
		(note 9)	(note 10)	(note 11)		
Excess (deficiency) of revenue over expenses	$ (6,049)	$ 11,911	$ (1,947)	$ –	$ 3,915	$ (6,099)
Transfer from internally restricted strategic reserve fund to unrestricted operating fund (note 9)	8,346	(8,346)	–	–	–	–
	2,297	3,565	(1,947)	–	3,915	(6,099)
Invested in capital assets (note 10)	(1,755)	–	1,755	–	–	–
Endowment contributions (note 11)	–	–	–	301	301	254
Pension plan remeasurement	8,930	–	–	–	8,930	(10,519)
Net change	9,472	3,565	(192)	301	13,146	(16,364)
Fund balances, beginning of the year	1,858	3,704	43,497	9,649	58,708	75,072
Fund balances, end of the year	$ 11,330	$ 7,269	$ 43,305	$ 9,950	$ 71,854	$ 58,708

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, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	$ 3,915	$ (6,099)
Items not involving cash:		
Change in fair value of investments	(3,511)	922
Amortization of capital assets	2,912	3,304
Amortization of deferred contributions related to expenses of future periods	(28,430)	(24,452)
Amortization of deferred contributions related to capital assets	(965)	(1,465)
Gain on sale of capital assets	(1)	(6)
Pension expense	1,812	1,389
Pension employer contributions	(1,921)	(2,044)
Deferred contributions related to expenses of future periods	29,969	23,570
Change in non-cash working capital	767	(340)
	4,547	(5,221)
Financing activities:		
Repayment of property loans (note 6)	(485)	(884)
Repayment of term loan (note 6)	(537)	(661)
Term loan (note 6)	-	4,500
Deferred contributions related to capital assets	55	108
Endowments	301	254
	(666)	3,317

THE CANADIAN NATIONAL INSTITUTE FOR THE BLIND

Statement of Cash Flows (continued)
(In thousands of dollars)
Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Investing activities:		
Proceeds from disposal of capital assets	1	6
Sale of investments	1,500	3,500
Purchase of capital assets	(1,442)	(2,042)
	59	1,464
Change in cash and bank indebtedness	3,940	(440)
Cash and bank indebtedness, beginning of year	(3,505)	(3,065)
Cash and bank indebtedness, end of year	$ 435	$ (3,505)
Cash and bank indebtedness is comprised of:		
Cash	$ 1,177	$ 1,477
Bank indebtedness	(742)	(4,982)
	$ 435	$ (3,505)
Supplemental disclosure of cash flow		
Deferred gain related to sale of capital assets	$ (156)	$ (241)
Change in deferred capital gain	(85)	(85)

See accompanying notes to 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. 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 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.

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:

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.

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.

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

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 strategic reserve 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 investment revenue and other costs.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. 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.

1. Significant accounting policies (continued):

(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.

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 two years 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 and excess benefits plans. CNIB does not provide any significant non-pension, post-retirement benefits.

1. Significant accounting policies (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 defined benefit provision for funding purposes was as of December 31, 2013, and the next required valuation will be as at December 31, 2016 and is due to be filed by September 30, 2017.

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 a percentage of the employee's pensionable earnings.

(g) Allocation of expenses:

CNIB 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, and applying these bases consistently.

(in thousands of dollars except as noted)

1. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements in accordance with Canadian accounting standards for non-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 the carrying amount and useful lives of capital assets, valuation of interest rate swap 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.

	2017	2016
Accrued pension obligation	$ 107,684	$ 105,566
Fair value of defined benefit provision assets	122,934	111,777
Accrued benefit asset	$ 15,250	$ 6,211

Defined benefit provision assets consist of:

	2017	2016
Equities	58%	57%
Canadian fixed income securities and cash	36%	37%
Real estate	6%	6%
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:

	2017	2016
Accrued benefit obligation:		
Discount rate	5.78%	5.78%
Rate of compensation increase	2.25%	2.25%
Benefit costs:		
Discount rate	5.78%	5.78%
Rate of compensation increase	2.25%	2.25%

CNIB's defined benefit provision expense for the current year was as follows:

	2017	2016
Current service cost	$ 2,171	$ 2,318
Interest	(359)	(929)
Net pension plan expense	$ 1,812	$ 1,389

CNIB’s defined contribution provision expense for the current year was $578 (2016 - $507).

(in thousands of dollars except as noted)

3. Investments:

General		2017		2016
Canadian fixed income securities and cash	$	29	$	327
Canadian equities		2,780		2,251
U.S. and global equities		7,530		6,032
Investments held in pooled funds		7,967		7,986
Total	$	18,306	$	16,596

Endowments		2017		2016
Canadian fixed income securities and cash	$	16	$	190
Canadian equities		1,511		1,309
U.S. and global equities		4,093		3,507
Investments held in pooled funds		4,330		4,643
Total	$	9,950	$	9,649

	2017		2016	
	Average term to maturity	Average effective yield	Average term to maturity	Average effective yield
Canadian Fixed Income	0.2 years	0.6%	0.0 years	0.0%
Fixed income securities held within pooled funds	9.4 years	2.2%	9.6 years	2.1%

(in thousands of dollars except as noted)

4. Capital assets:

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	$ 21,174	$ –	$ 21,174	$ 21,109
Buildings	61,776	24,930	36,846	37,843
Computer equipment and software	12,401	10,628	1,773	1,930
Vehicles	1,013	930	83	153
Furniture and office equipment	5,144	4,817	327	480
Projects in progress	531	–	531	689
	$ 102,039	$ 41,305	$ 60,734	$ 62,204

5. Bank indebtedness:

CNIB has a credit facility available to fund operations and capital expenditures, totalling $6 million at prime plus 0.25%. Any amounts drawn from this facility are due upon demand and is secured by the land and property at 1929 Bayview Ave, Toronto, Ontario (CNIB Centre) and a general security agreement. In April 2017, the debt was repaid from the proceeds from the sale of the CNIB Centre (see note 18).

6. Term loan:

	2017	2016
Consolidated loan, interest at prime plus 1.1%, with monthly payments of $85, due March 31, 2031	14,300	15,322
Less current portion	1,022	1,022
	$ 13,278	$ 14,300

(in thousands of dollars except as noted)

6. Term loan (continued):

Future principal payments required on the long-term debt for the next four years are as follows:

2018	1,022
2019	1,022
2020	1,022
2021	11,234
	$ 14,300

The consolidated loan is secured by a first fixed charge over the building and land located at the CNIB Centre. The interest expense for the mortgage and the term loans for the year was $718 (2016 - $877). In April 2017, the loan was repaid from the proceeds from the sale of the CNIB Centre (see note 18).

CNIB has entered into an interest rate swap for its term loan. At March 31, 2017 the mark-to-market liability of the swap is $223 (2016 - $608) 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 $14,300 (2016 - $15,322) and the effective interest rate for that portion of the mortgage is fixed at 4.46%. In April 2017, the swap was extinguished when the debt was repaid from the proceeds from the sale of the CNIB Centre (see note 18).

(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 representing unspent, externally restricted contributions.

	2017	2016
Balance, beginning of year	$ 5,648	$ 6,733
Add:		
Amount received in the year	29,969	23,570
Less:		
Amount recognized as revenue in the year	(28,430)	(24,452)
Amount transferred to deferred contributions - capital assets	(170)	(203)
Balance, end of year	$ 7,017	$ 5,648

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.

	2017	2016
Balance, beginning of year	$ 11,332	$ 12,486
Add:		
Amount received in the year	55	108
Amount transferred from deferred contributions - expenses of future periods	170	203
Less:		
Amount recognized as revenue in the year	(965)	(1,465)
Balance, end of year	$ 10,592	$ 11,332

(in thousands of dollars except as noted)

9. Internally restricted strategic reserve:

The Board of Directors has designated certain fund balances as an internally restricted strategic reserve 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 reserve each year. The Board of Directors will determine, on an annual basis, the amount to be transferred to the unrestricted operating fund.

In 2017, the Board of Directors authorized a transfer of $8,346 (2016 - $11,622) to the unrestricted operating fund in order to fund operations.

10. Invested in capital assets:

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

	2017	2016
Capital assets:	$ 60,734	$ 62,204
Amounts financed by:		
Deferred capital contributions	(10,592)	(11,332)
Loans related to capital expenditures	(6,798)	(7,283)
Accounts payable and accrued liabilities	(39)	(92)
	$ 43,305	$ 43,497

(in thousands of dollars except as noted)

10. Invested in capital assets (continued):

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

	2017	2016
Deficiency of revenue over expenditures:		
Amortization of deferred capital contributions	$ 965	$ 1,465
Amortization of capital assets	(2,912)	(3,304)
	(1,947)	(1,839)
Net change in invested in capital assets:		
Purchase of capital assets	1,442	2,042
Amounts funded by:		
Deferred capital contributions	(55)	(108)
Amount transferred from deferred contributions – expenses of future periods	(170)	(203)
Loans related to capital expenditures	485	884
Accounts payable and accrued liabilities	53	262
	1,755	2,877
	$ (192)	$ 1,038

11. 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 used for operating and research purposes.

12. Endowment trust funds:

The Vancouver Foundation is a not-for-profit organization that receives and invests funds, and from these funds provide 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 $65 (2016 - $18) from this fund which had a market value as at March 31, 2017 of $2,651 (2015 - $1,987).

(in thousands of dollars except as noted)

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:

2018	$	3,410
2019		2,091
2020		1,620
2021		1,427
2022		769
Thereafter		328

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.

(b) Letters of credit:

CNIB has various standby letters of credit with a financial institution totaling $194 (2016 - $194) for operations and capital expenditures.

CNIB has a standby letter of credit with a financial institution totaling $15,490 (2016 - $11,593) to secure its commitment to fund special contributions for its defined benefit pension plan.

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 $369 (2016 - $395) to its Alberta fundraising employees which are included in the fund development costs.

(in thousands of dollars except as noted)

15. Allocation of expenses:

General support expenses have been allocated as follows:

	2017	2016
Community-based programs and services	$ 2,942	$ 2,671
Public education and advocacy	192	175
Research	10	10
Fund development	408	415
Retail lottery and gaming operations	263	253
	$ 3,815	$ 3,524

Fund development expenses are not allocated.

16. 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. A portion of CNIB's long-term debt 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. CNIB mitigates the risk by entering into an interest rate swap.

(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:

CNIB is exposed to currency risk arising from 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.

16. Financial risks (continued):

(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 with only creditworthy counterparties.

17. Comparative figures:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

18. Subsequent event:

On April 10, 2017 CNIB completed the sale of the CNIB Centre. Under the terms of the agreement, the purchaser paid CNIB the purchase price of $49.2 million. The net proceeds amounted to $33.9 million after closing costs, adjustments, and repayment of the $14,300 term loan. The net proceeds were segregated within CNIB's Pooled Investment Fund with the income from these investments available for programs and services while the Board of Directors has restricted the use of the capital.

The sale of the CNIB Centre resulted in a gain from sale of $14.0 million. Concurrently with the closing of the sale, 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 over the term of the lease.