

**Project ORBIS International
Inc. (ORBIS Canada)**

Financial Statements
December 31, 2017



May 22, 2018

Independent Auditor's Report

To the Board of Directors of Project ORBIS International Inc. (ORBIS Canada)

We have audited the accompanying financial statements of Project ORBIS International Inc. (ORBIS Canada), which comprise the statement of financial position as at December 31, 2017 and the statements of operations and changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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 of 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 qualified audit opinion.

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Basis for qualified opinion

In common with many not-for-profit organizations, ORBIS Canada derives revenues from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of ORBIS Canada. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, net revenue (expense) and cash flows from operations for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016 and net assets as at the beginning and end of the years ended December 31, 2017 and 2016. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

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 ORBIS Canada as at December 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Project ORBIS International Inc. (ORBIS Canada)

Statement of Financial Position

As at December 31, 2017

	2017 \$	2016 \$
Assets		
Current assets		
Cash and cash equivalents	652,911	859,911
Accounts receivable and prepaid expenses	79,239	57,294
HST receivable	6,413	10,147
Investments (note 3)	282,997	-
	<hr/> 1,021,560	<hr/> 927,352
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	328,093	60,447
Deferred revenue (note 5)	113,056	221,948
	<hr/> 441,149	<hr/> 282,395
Net assets (note 7)	<hr/> 580,411	<hr/> 644,957
Commitments (note 9)		

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

Project ORBIS International Inc. (ORBIS Canada)

Statement of Operations and Changes in Net Assets

For the year ended December 31, 2017

	2017 \$	2016 \$
Revenue		
Donations and fundraising	867,720	1,134,519
Interest	635	177
Other income	-	1,347
Change in fair value of investments	(2,850)	-
	<hr/> 865,505	<hr/> 1,136,043
Expense		
Contributions to mandate activities	488,965	653,377
Fundraising	329,715	252,320
Administration (note 6)	111,371	97,551
	<hr/> 930,051	<hr/> 1,003,248
Net revenue (expense) for the year	(64,546)	132,795
Net assets - Beginning of year	<hr/> 644,957	<hr/> 512,162
Net assets - End of year	<hr/> <hr/> 580,411	<hr/> <hr/> 644,957

The accompanying notes are an integral part of these financial statements.

Project ORBIS International Inc. (ORBIS Canada)

Statement of Cash Flows

For the year ended December 31, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Net revenue (expense) for the year	(64,546)	132,795
Item not affecting cash		
Stock donation	(40,019)	-
Net change in non-cash working capital items		
Accounts receivable and prepaid expenses	(21,945)	(32,711)
HST receivable	3,734	3,176
Accounts payable and accrued liabilities	267,646	(399,784)
Deferred revenue	(108,892)	45,757
	<u>35,978</u>	<u>(250,767)</u>
Investing activities		
Purchases of investments	(280,147)	-
Proceeds from sale of investments	37,169	-
	<u>(242,978)</u>	<u>-</u>
Net change in cash during the year	(207,000)	(250,767)
Cash and cash equivalents - Beginning of year	<u>859,911</u>	<u>1,110,678</u>
Cash and cash equivalents - End of year	<u>652,911</u>	<u>859,911</u>

The accompanying notes are an integral part of these financial statements.

Project ORBIS International Inc. (ORBIS Canada)

Notes to Financial Statements

December 31, 2017

1 Incorporation

The purpose of Project ORBIS International Inc. (ORBIS Canada) (“the Corporation”) is to reduce world blindness through the exchange of professional skills and education. The Corporation, which is a registered charity, is incorporated under the *Canada Not-for-profit Corporations Act*, and is exempt from income taxes under subsection 149(1)(f) of the *Income Tax Act*.

2 Summary of significant accounting policies

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 amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Cash equivalents

Investments in a money market account are considered cash equivalents as they are short-term, highly liquid investments that are not subject to significant changes in value.

Investments

Investments are recorded at fair value. Changes in fair value are included in net revenue (expense) for the year.

Revenue recognition

The Corporation follows the deferral method of accounting for revenue.

Unrestricted amounts are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted amounts are deferred and recorded as revenue when the related expenses are incurred.

Allocated expenses

A portion of administration expenses (salaries and benefits) is allocated to contributions to mandate activities and fundraising expenses. These expenses are allocated based on estimates of time spent by the relevant administrative personnel on these areas.

Project ORBIS International Inc. (ORBIS Canada)

Notes to Financial Statements

December 31, 2017

3 Investments

	2017 \$	2016 \$
Cash and cash equivalents	252,913	-
Mutual funds	30,084	-
	<hr/>	
	282,997	-
	<hr/>	

4 Balances with Project ORBIS International Inc. (“Orbis International”)

Included in accounts receivable is \$65,000 (2016 - \$nil) owing from ORBIS International.

Included in accounts payable and accrued liabilities is \$279,526 (2016 - \$36,993) owing to ORBIS International for reimbursement of project expenses.

These balances are non-interest bearing and have no specified terms of collection or repayment.

Also included in accounts payable and accrued liabilities are government remittances of \$nil (2016 - \$nil).

5 Deferred revenue

Deferred revenue - Beginning of year \$	Contributions received during the year \$	Revenue recognized during the year \$	Deferred revenue - End of year \$
221,948	91,108	200,000	113,056
<hr/>			

6 Administration expense

	2017 \$	2016 \$
Office administration	31,554	32,444
Legal and accounting	13,918	13,869
Rent and insurance	29,455	27,572
Payroll	32,227	20,448
Telecommunications	4,217	3,218
	<hr/>	
	111,371	97,551
	<hr/>	

7 Net assets

The Board of Directors has approved a policy for the Corporation to maintain net assets within a minimum range of \$132,000 to \$198,000. Net assets as at December 31, 2017 are \$580,411 (2016 - \$644,957).

Project ORBIS International Inc. (ORBIS Canada)

Notes to Financial Statements

December 31, 2017

8 Allocation of expenses

Administration expenses (salaries and benefits) have been allocated as follows:

	2017 \$	2016 \$
Contributions to mandate activities	64,453	40,897
Fundraising	225,586	143,139
	<u>290,039</u>	<u>184,036</u>

9 Commitments

The Corporation rents office space for which the future minimum lease payments are \$23,578, payable in the year ending December 31, 2018.