

The Foundation Fighting Blindness

Financial Statements
December 31, 2014



June 12, 2015

Independent Auditor's Report

To the Board of Directors of The Foundation Fighting Blindness

We have audited the accompanying financial statements of The Foundation Fighting Blindness, which comprise the statement of financial position as at December 31, 2014 and the statements of revenues and expenditures, changes in fund balances 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.

*PricewaterhouseCoopers LLP
North American Centre, 5700 Yonge Street, Suite 1900, North York, Ontario, Canada M2M 4K7
T: +1 416 218 1500, F: +1 416 218 1499*



Basis for qualified opinion

In common with many charitable organizations, The Foundation Fighting Blindness derives revenues from contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Foundation Fighting Blindness. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of expenditures over revenues and cash flows from operating activities for the years ended December 31, 2014 and December 31, 2013, current assets as at December 31, 2014 and December 31, 2013 and fund balances at both the beginning and end of the years ended December 31, 2014 and December 31, 2013. Our audit opinion on the financial statements for the year ended December 31, 2013 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 The Foundation Fighting Blindness as at December 31, 2014 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

The Foundation Fighting Blindness

Statement of Financial Position

As at December 31, 2014

	2014 \$	2013 \$
Assets		
Current assets		
Cash and cash equivalents	595,246	595,229
Donations receivable	58,015	61,439
Prepaid expenses and sundry assets	121,222	254,560
Investments (note 3)	1,177,729	1,332,578
	<u>1,952,212</u>	<u>2,243,806</u>
Investments (note 3)	1,275,445	1,305,612
Intangible asset (note 4)	2,079	-
Property and equipment (note 5)	50,574	45,902
	<u>3,280,310</u>	<u>3,595,320</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	306,516	106,917
Deferred revenue	141,020	108,101
	<u>447,536</u>	<u>215,018</u>
Lease inducement	25,000	25,000
	<u>472,536</u>	<u>240,018</u>
Fund Balances		
Unrestricted Fund	1,299,177	1,836,763
Restricted Fund	508,597	518,539
Endowment Fund	1,000,000	1,000,000
	<u>2,807,774</u>	<u>3,355,302</u>
	<u>3,280,310</u>	<u>3,595,320</u>

Approved by the Board of Directors

Director

Director

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

The Foundation Fighting Blindness

Statement of Revenues and Expenditures

For the year ended December 31, 2014

			2014	2013
	Unrestricted Fund \$	Restricted Fund \$	Total \$	Total \$
Revenues (note 10)				
Comic Vision	792,434	36,758	829,192	964,613
Ride for Sight	578,037	-	578,037	672,479
Cycle for Sight	714,979	-	714,979	533,641
Major gifts	417,579	915,420	1,332,999	1,285,814
Donor database, memorial and tribute	580,312	1,000	581,312	562,605
Bequests	93,002	-	93,002	119,776
Special events	48,720	6,356	55,076	81,811
Vision Quest	148,005	-	148,005	116,455
Other	1,014	-	1,014	22,000
	<u>3,374,082</u>	<u>959,534</u>	<u>4,333,616</u>	<u>4,359,194</u>
Direct costs				
Comic Vision	464,808	-	464,808	465,416
Ride for Sight	416,832	-	416,832	409,034
Cycle for Sight	302,591	-	302,591	257,415
Major gifts	263,907	2,910	266,817	241,519
Donor database, memorial and tribute	407,728	-	407,728	391,766
Bequests	3,517	-	3,517	-
Special events	19,144	-	19,144	28,243
Vision Quest	93,421	26,000	119,421	89,056
	<u>1,971,948</u>	<u>28,910</u>	<u>2,000,858</u>	<u>1,882,449</u>
Net revenues	1,402,134	930,624	2,332,758	2,476,745
Interest and other income	124,495	-	124,495	133,522
Change in fair value of investments	109,153	-	109,153	60,147
	<u>1,635,782</u>	<u>930,624</u>	<u>2,566,406</u>	<u>2,670,414</u>
Expenditures				
Scientific research expenditures (note 6)	1,126,951	936,066	2,063,017	2,087,738
Programs	344,098	4,500	348,598	303,902
Operating expenses (note 7)	683,688	-	683,688	727,921
Amortization of property and equipment	18,111	-	18,111	14,737
Amortization of intangible asset	520	-	520	-
	<u>2,173,368</u>	<u>940,566</u>	<u>3,113,934</u>	<u>3,134,298</u>
Excess of expenditures over revenues for the year	<u>(537,586)</u>	<u>(9,942)</u>	<u>(547,528)</u>	<u>(463,884)</u>

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

The Foundation Fighting Blindness

Statement of Changes in Fund Balances

For the year ended December 31, 2014

				2014	2013
	Unrestricted Fund \$	Restricted Fund \$	Endowment Fund \$	Total \$	Total \$
Fund balances - December 31, 2013	1,836,763	518,539	1,000,000	3,355,302	3,819,186
Excess of expenditures over revenues for the year	(537,586)	(9,942)	-	(547,528)	(463,884)
Fund balances - December 31, 2014	1,299,177	508,597	1,000,000	2,807,774	3,355,302

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

The Foundation Fighting Blindness

Statement of Cash Flows

For the year ended December 31, 2014

	2014 \$	2013 \$
Cash provided by (used in)		
Operating activities		
Excess of expenditures over revenues for the year	(547,528)	(463,884)
Items not affecting cash		
Lease inducement	-	25,000
Amortization of property and equipment	18,111	14,737
Amortization of intangible asset	520	-
Change in fair value of investments	(109,153)	(60,147)
Net changes in non-cash working capital balances		
Donations receivable	3,424	37,269
Prepaid expenses and sundry assets	133,338	(109,670)
Accounts payable and accrued liabilities	199,599	22,900
Deferred revenue	32,919	30,314
	<u>(268,770)</u>	<u>(503,481)</u>
Investing activities		
Net sale (purchase) of investments	294,169	(170,934)
Purchase of intangible asset	(2,599)	-
Purchase of property and equipment	(22,783)	(32,310)
	<u>268,787</u>	<u>(203,244)</u>
Change in cash and cash equivalents during the year	17	(706,725)
Cash and cash equivalents - Beginning of year	<u>595,229</u>	<u>1,301,954</u>
Cash and cash equivalents - End of year	<u>595,246</u>	<u>595,229</u>

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

The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2014

1 Organization

The Foundation Fighting Blindness (the Foundation) is a national foundation, which was incorporated without share capital under the laws of Ontario for charitable purposes.

The Foundation is a registered charity and is exempt from paying income taxes pursuant to the provisions of the Income Tax Act (Canada) under paragraph 141(1)(f).

The mission of the Foundation is to find the causes, treatments and ultimately the cures for retinitis pigmentosa, macular degeneration and related retinal diseases by the support and promotion of research and the development of public awareness.

2 Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) applied within the framework of the accounting policies summarized below:

Fund accounting

The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purposes for which they were provided.

For financial reporting purposes, the accounts have been classified into the following funds:

a) Unrestricted Fund

The Unrestricted Fund accounts for the Foundation's general fundraising, granting and administrative activities. The Unrestricted Fund reports unrestricted resources available for immediate purposes.

b) Restricted Fund

The Restricted Fund consists of amounts restricted for education and research purposes as specified by the donor.

c) Endowment Fund

The Endowment Fund consists of those funds where donor restrictions require the principal to be maintained by the Foundation in perpetuity.

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Notes to Financial Statements

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Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donor restricted contributions for specific purposes (other than education and research) are deferred and recognized as revenue of the Unrestricted Fund when the related expenses have been incurred. Income earned on the resources of the Restricted Fund or the Endowment Fund is unrestricted and recognized in the statement of revenues and expenditures.

Restricted contributions for education and research are recognized as revenue in the Restricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized in the year earned.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bankers' acceptances with a maturity of three months or less from the date of purchase.

Deferred revenue

Contributions that are restricted for a specific event and have been received in advance of the event, are deferred on receipt and subsequently recognized as revenue when the related event occurs.

Lease inducement

The Foundation received a lease inducement as a result of the renewal of its leased premises. The benefit of this lease inducement will be accounted for as an adjustment to rental expense over the term of the lease renewal, which commences February 1, 2016. The inducement will be amortized on a straight-line basis.

Intangible asset

The intangible asset comprises an intangible asset with finite life.

The intangible asset is amortized on a straight-line basis over a period of five years. The Foundation compares the net carrying amount of the intangible asset to its fair value and recognizes any impairment in value in the statement of revenues and expenditures.

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Notes to Financial Statements

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Property and equipment

Property and equipment are stated at cost. Amortization is provided by the straight-line method over the following estimated useful lives:

Computer and telecommunication equipment	5 years
Furniture and fixtures	10 years
Equipment	5 years
Leasehold improvements	term of lease

Scientific research grants

Research grants are recorded in the period in which the expenditures are made.

Contributed services and materials

The work of the Foundation is significantly supported by the contribution of services and materials. These contributions are recognized in the financial statements when their fair values are reasonably determinable and when they would normally have been purchased by the Foundation if not donated. Fair value is defined as the estimated cash outlay that would have been required to purchase the contributed services and materials.

The value of the services contributed by volunteers is not reflected in these financial statements.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

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, the Foundation determines whether 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 the Foundation 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. Impairments are recognized through the use of an allowance account, with a corresponding charge in the statement of revenues and expenditures.

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Use of estimates

The preparation of financial statements in accordance with ASNPO 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 revenues and expenditures during the reporting period. Actual results could differ from those estimates.

3 Investments

	Fair value	
	2014	2013
	\$	\$
Short-term investments		
Corporate bonds	35,205	18,383
Equities	757,407	658,623
Guaranteed investment certificates (i)	385,117	655,572
	<u>1,177,729</u>	<u>1,332,578</u>

The Foundation's short-term investments have a maturity of less than 365 days.

	Fair value	
	2014	2013
	\$	\$
Long-term investments		
Corporate bonds	828,769	311,381
Guaranteed investment certificates (i)	446,676	994,231
	<u>1,275,445</u>	<u>1,305,612</u>

Long-term investments have maturity dates between 2016 and 2025.

i) The guaranteed investment certificates' interest rates range from 1.8% to 3.7%.

4 Intangible asset

	2014		2013	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Website	2,599	520	2,079	-

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5 Property and equipment

	2014		
	Cost \$	Accumulated amortization \$	Net \$
Computer and telecommunication equipment	71,287	52,489	18,798
Furniture and fixtures	17,380	9,874	7,506
Equipment	5,878	5,340	538
Leasehold improvements	31,898	8,166	23,732
	126,443	75,869	50,574
	2013		
	Cost \$	Accumulated amortization \$	Net \$
Computer and telecommunication equipment	143,003	122,364	20,639
Furniture and fixtures	13,080	13,080	-
Equipment	15,728	15,728	-
Leasehold improvements	28,872	3,609	25,263
	200,683	154,781	45,902

During the year, fully amortized property and equipment with a total cost and accumulated amortization of \$97,023 (2013 - \$nil) were written off.

6 Scientific research expenditures

	2014			2013
	Unrestricted Fund \$	Restricted Fund \$	Total \$	Total \$
Scientific research grants	1,055,648	824,666	1,880,314	1,935,829
Scientific research direct costs	71,303	111,400	182,703	151,909
	1,126,951	936,066	2,063,017	2,087,738

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Notes to Financial Statements

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7 Operating expenses

	2014 \$	2013 \$
Administration	545,563	590,260
Postage and delivery	13,769	12,378
Rent	115,302	115,210
Telephone	6,386	7,121
Travel	2,668	2,952
	<u>683,688</u>	<u>727,921</u>

8 Commitments

Scientific research grants

The following commitments for 2015 through 2017 are subject to the availability of funding and approval of continuing research efforts by the Foundation's Scientific Advisory Board and board of directors on an annual basis:

	\$
2015	1,463,876
2016	701,380
2017	224,887
	<u>2,390,143</u>

Accordingly, these commitments are not recorded in the financial statements.

Lease commitments

The Foundation is committed under lease obligations for premises and office equipment with approximate annual rentals as follows:

	\$
2015	66,760
2016	68,520
2017	70,430
2018	70,590
2019	67,830
Thereafter	67,270
	<u>411,400</u>

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9 Funds held in trust

The Foundation is holding \$12,208 (2013 - \$12,209) in trust for The National Coalition for Vision Health of which the Foundation is a member. These funds have not been included in the cash balances of the Foundation.

10 Related party transactions

During the current year, members of the Foundation's board of directors and senior management provided financial contributions amounting to \$143,096 (2013 - \$260,816).

11 Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.