

# **The Foundation Fighting Blindness**

Financial Statements  
**December 31, 2016**



May 29, 2017

## **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, 2016 and the statements of revenues, expenditures and 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 audit opinion.

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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Foundation Fighting Blindness as at December 31, 2016 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, 2016

	2016 \$	2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,900,884	685,805
Donations receivable	35,705	63,024
Prepaid expenses and sundry assets	109,239	110,790
Short-term investments (note 3)	525,108	304,937
	<u>2,570,936</u>	<u>1,164,556</u>
Long-term investments (note 3)	-	525,136
Endowed investments (note 4)	1,493,618	1,452,215
Intangible asset (note 5)	19,856	24,426
Property and equipment (note 6)	25,885	30,518
	<u>4,110,295</u>	<u>3,196,851</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	197,653	279,971
Deferred revenue	5,760	14,021
	<u>203,413</u>	<u>293,992</u>
Lease inducement	20,417	25,000
	<u>223,830</u>	<u>318,992</u>
<b>Fund Balances</b>		
Unrestricted Fund	1,073,715	682,786
Restricted Fund	1,319,132	742,858
Endowment Fund	1,493,618	1,452,215
	<u>3,886,465</u>	<u>2,877,859</u>
	<u>4,110,295</u>	<u>3,196,851</u>

Commitments (note 10)

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, Expenditures and Changes in Fund Balances

For the year ended December 31, 2016

				2016	2015
	Unrestricted Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
<b>Revenues</b> (note 12)					
Comic Vision	709,439	17,200	-	726,639	887,071
Ride for Sight	383,941	-	-	383,941	452,340
Cycle for Sight	624,421	-	-	624,421	733,575
Major gifts	442,345	1,346,837	-	1,789,182	1,248,300
Donor database, memorial and tribute	613,125	719	-	613,844	613,629
Planned Giving and Bequests	264,484	-	-	264,484	439,621
Special events	95,913	-	-	95,913	113,402
Vision Quest	119,510	-	-	119,510	115,172
Corporate donations	95,050	117,050	-	212,100	37,500
Other	8,260	-	-	8,260	133
	<u>3,356,488</u>	<u>1,481,806</u>	<u>-</u>	<u>4,838,294</u>	<u>4,640,743</u>
<b>Direct costs</b>					
Comic Vision	374,158	442	-	374,600	484,268
Ride for Sight	260,009	150	-	260,159	348,698
Cycle for Sight	310,739	-	-	310,739	324,566
Major gifts	228,862	-	-	228,862	262,013
Donor database, memorial and tribute	403,584	-	-	403,584	411,972
Planned Giving and Bequests	18,174	-	-	18,174	10,830
Special events	14,557	-	-	14,557	19,428
Corporate donations	66,097	-	-	66,097	-
	<u>1,676,180</u>	<u>592</u>	<u>-</u>	<u>1,676,772</u>	<u>1,861,775</u>
<b>Net revenues</b>	<u>1,680,308</u>	<u>1,481,214</u>	<u>-</u>	<u>3,161,522</u>	<u>2,778,968</u>
Interest and other income	18,674	-	90,270	108,944	59,408
Change in fair value of investments	(4,963)	-	16,045	11,082	31,313
	<u>1,694,019</u>	<u>1,481,214</u>	<u>106,315</u>	<u>3,281,548</u>	<u>2,869,689</u>
<b>Expenditures</b>					
Scientific research expenditures (note 7)	197,504	839,182	40,000	1,076,686	1,741,614
Programs	441,571	65,696	-	507,267	359,529
Operating expenses (note 8)	647,839	62	24,912	672,813	667,754
Amortization of property and equipment	9,523	-	-	9,523	24,471
Amortization of intangible asset	6,653	-	-	6,653	6,236
	<u>1,303,090</u>	<u>904,940</u>	<u>64,912</u>	<u>2,272,942</u>	<u>2,799,604</u>
<b>Excess of revenues over expenditures for the year</b>	<u>390,929</u>	<u>576,274</u>	<u>41,403</u>	<u>1,008,606</u>	<u>70,085</u>
<b>Fund balances - Beginning of year</b>	<u>682,786</u>	<u>742,858</u>	<u>1,452,215</u>	<u>2,877,859</u>	<u>2,807,774</u>
<b>Fund balances - End of year</b>	<u>1,073,715</u>	<u>1,319,132</u>	<u>1,493,618</u>	<u>3,886,465</u>	<u>2,877,859</u>

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, 2016

	2016	2015
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenues over expenditures for the year	1,008,606	70,085
Items not affecting cash		
Amortization of property and equipment	9,523	24,471
Amortization of intangible asset	6,653	6,236
Amortization of lease inducement	(4,583)	-
Change in fair value of investments	(11,082)	(31,313)
Net changes in non-cash working capital balances		
Donations receivable	27,319	(5,009)
Prepaid expenses and sundry assets	1,553	10,430
Accounts payable and accrued liabilities	(82,318)	(26,543)
Deferred revenue	(8,261)	(126,999)
	<u>947,410</u>	<u>(78,642)</u>
<b>Investing activities</b>		
Net sale of investments	274,642	468,899
Purchase of property and equipment	(4,890)	(4,415)
Purchase of intangible assets	(2,083)	(28,583)
	<u>267,669</u>	<u>435,901</u>
<b>Change in cash and cash equivalents during the year</b>	1,215,079	357,259
<b>Cash and cash equivalents - Beginning of year</b>	685,805	328,546
<b>Cash and cash equivalents - End of year</b>	<u>1,900,884</u>	<u>685,805</u>

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

# The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2016

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## 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:

- 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.

- Restricted Fund

The Restricted Fund consists of amounts restricted for education and research purposes as specified by the donor. Income earned on the resources of the Restricted Fund is unrestricted and recognized in the statement of revenues, expenditures and changes in fund balances.

- Endowment Fund

The Arthur and Sonia Labatt Endowment Fund consists of those funds where donor restrictions require the principal and endowment earnings that are not spent during the fiscal year to be maintained by the Foundation in perpetuity.

# The Foundation Fighting Blindness

## Notes to Financial Statements

December 31, 2016

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### Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions, which consists of the following revenue streams: Comic Vision, Ride for Sight, Cycle for Sight, major gifts, donor database, memorial and tribute, Planned Giving and Bequests, special events, Vision Quest and corporate donations.

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.

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 is accounted for as an adjustment to rental expense over the term of the lease renewal, which commenced February 1, 2016. The inducement is amortized on a straight-line basis.

### Intangible asset

The intangible asset comprises an intangible asset with a 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, expenditures and changes in fund balances.



# The Foundation Fighting Blindness

## Notes to Financial Statements

December 31, 2016

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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

### Impairment of long-lived assets

An impairment charge is recognized for long-lived assets whenever an event or change in circumstance causes an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated as the difference between the fair value of the assets and their carrying values.

### Scientific research grants

Research grants are recorded in the year in which the expense reports from the researchers are reviewed and approved and when 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.

# The Foundation Fighting Blindness

## Notes to Financial Statements

December 31, 2016

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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, expenditures and changes in fund balances.

### Allocation of expenditures

Certain salaries are allocated to direct costs, scientific research expenditures, programs and operating expenses based on management's estimate of the percentage of time spent.

### 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

	2016 \$	2015 \$
Short-term investments		
Mutual fund	-	5,076
Guaranteed investment certificates (i)	525,108	299,861
	<u>525,108</u>	<u>304,937</u>
Long-term investments		
Guaranteed investment certificates (i)	<u>-</u>	<u>525,136</u>

- i) The guaranteed investment certificates' interest rate is 2.0% (2015 - 1.8% to 3.7%) and matures on May 2017 (2015 - May 2016 to May 2017).

# The Foundation Fighting Blindness

Notes to Financial Statements

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## 4 Endowed investments

The Arthur and Sonia Labatt Endowment Fund investments are invested in a separate portfolio with the following asset mix:

	2016 \$	2015 \$
Cash in broker account	20,530	37,161
Corporate bonds	563,802	561,215
Equities	909,286	853,837
	1,493,618	1,452,213

The movement during the fiscal year is as follows:

	2016 \$	2015 \$
Balance - Beginning of year	1,452,215	1,505,988
Interest and other income	90,270	16,216
Fair value gain (loss) on investments	16,045	(43,703)
Operating expenses	(24,912)	(26,286)
Scientific research expenditures (note 7)	(40,000)	-
	1,493,618	1,452,215

## 5 Intangible asset

	2016		2015	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Website	33,265	13,409	19,856	24,426

## 6 Property and equipment

	2016		2015	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer and telecommunication equipment	57,328	45,096	12,232	8,072
Furniture and fixtures	17,380	16,826	554	4,030
Equipment	5,665	5,665	-	-
Leasehold improvements	31,898	18,799	13,099	18,416
	112,271	86,386	25,885	30,518

# The Foundation Fighting Blindness

## Notes to Financial Statements

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During the year, fully amortized property and equipment with a total cost and accumulated amortization of \$12,161 (2015 - \$11,315) were written off.

### 7 Scientific research expenditures

				2016	2015
	Unrestricted Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Scientific research grants	101,054	839,182	40,000	980,236	1,635,069
Scientific research direct costs	96,450	-	-	96,450	106,545
	<u>197,504</u>	<u>839,182</u>	<u>40,000</u>	<u>1,076,686</u>	<u>1,741,614</u>

### Future scientific research grants

The Foundation has agreed to provide the following research grants for 2017 through 2021, 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:

	\$
2017	1,467,388
2018	1,186,500
2019	929,000
2020	549,000
2021	686,500
	<u>4,818,388</u>

### 8 Operating expenses

	2016	2015
	\$	\$
Administration	539,944	540,253
Rent	122,388	118,117
Postage and delivery	980	1,822
Telephone	8,995	504
Travel	506	7,058
	<u>672,813</u>	<u>667,754</u>

# The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2016

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## 9 Allocation of expenditures

Total salaries in 2016 were \$1,266,027 (2015 - \$1,247,296). As described in note 2, certain salaries have been allocated as follows:

	2016 \$	2015 \$
Comic Vision and special events	96,367	45,042
Ride for Sight and Cycle for Sight	170,408	120,528
Major gifts and Planned Giving and Bequests	182,782	134,578
Donor database, memorial and tribute	77,924	109,685
Corporate donations	48,368	-
Scientific research expenditures	64,411	70,288
Programs and operating expenses	421,738	157,891
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	1,061,998	638,012

## 10 Commitments

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

	\$
2017	70,000
2018	70,000
2019	68,000
2020	62,000
2021	5,000
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	275,000

## 11 Funds held in trust

The Foundation is holding \$12,208 (2015 - \$12,208) 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.

## 12 Related party transactions

During the current year, members of the Foundation's board of directors and senior management provided financial contributions amounting to \$126,508 (2015 - \$179,560). These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and are in the normal course of operations.

## 13 Comparative figures

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