Financial statements of
The Foundation Fighting Blindness

December 31, 2017

Independent Auditor's Report 1

Statement of financial position 2

Statement of revenue, expenses and changes in fund balances..... 3

Statement of cash flows 4

Notes to the financial statements 5-11

Deloitte LLP
400 Applewood Crescent
Suite 500
Vaughan ON L4K 0C3
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

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, 2017, the statements of revenue, expenses and changes in fund balances and of 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 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.

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, 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.

Other Matter

The financial statements of The Foundation Fighting Blindness for the year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on May 29, 2017.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 1, 2018

The Foundation Fighting Blindness

Statement of financial position

As at December 31, 2017

	Notes	2017	2016
		$	$
Assets			
Current assets			
Cash		**2,721,209**	1,900,884
Accounts receivable		**125,572**	35,705
Prepaid expenses and sundry assets		**35,072**	109,239
Short-term investments	3	**351,209**	525,108
		3,233,062	2,570,936
Endowed investments	4	**1,461,522**	1,493,618
Intangible asset	5	**14,770**	19,856
Capital assets	6	**23,850**	25,885
		4,733,204	4,110,295
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**146,569**	197,653
Deferred revenue		**4,815**	5,760
		151,384	203,413
Lease inducement		**15,417**	20,417
		166,801	223,830
Commitments	10		
Fund balances			
Unrestricted Fund		**899,460**	1,073,715
Restricted Fund		**2,205,421**	1,319,132
Endowment Fund		**1,461,522**	1,493,618
		4,566,403	3,886,465
		4,733,204	4,110,295

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

Approved by the Board

_____ Director

_____ Director

The Foundation Fighting Blindness

Statement of revenue, expenses and changes in fund balances

Year ended December 31, 2017

	Notes	2017				2016			
		Unrestricted Fund	**Restricted Fund**	**Endowment Fund**	**Total**	Unrestricted Fund	Restricted Fund	Endowment Fund	Total
		$	**$**	**$**	**$**	$	$	$	$
Revenue	12								
Comic Vision		576,263	—	—	576,263	709,439	17,200	—	726,639
Ride for sight		335,273	—	—	335,273	383,941	—	—	383,941
Cycle for Sight		524,247	—	—	524,247	624,421	—	—	624,421
Major gifts		538,275	1,330,249	—	1,868,524	442,345	1,346,837	—	1,789,182
Annual giving		606,871	—	—	606,871	613,125	719	—	613,844
Planned giving and bequests		24,200	—	—	24,200	264,484	—	—	264,484
Community events		79,293	—	—	79,293	95,913	—	—	95,913
Vision Quest		141,516	—	—	141,516	119,510	—	—	119,510
Education grants and sponsorships		155,200	—	—	155,200	95,050	117,050	—	212,100
Other		—	—	—	—	8,260	—	—	8,260
		2,981,138	1,330,249	—	4,311,387	3,356,488	1,481,806	—	4,838,294
Direct costs									
Comic Vision		432,494	—	—	432,494	374,158	442	—	374,600
Ride for Sight		204,950	—	—	204,950	260,009	150	—	260,159
Cycle for Sight		279,586	—	—	279,586	310,739	—	—	310,739
Major gifts		226,245	—	—	226,245	228,862	—	—	228,862
Annual giving		373,611	—	—	373,611	403,584	—	—	403,584
Planned giving and bequests		17,462	—	—	17,462	18,174	—	—	18,174
Community events		20,696	—	—	20,696	14,557	—	—	14,557
Education grants and sponsorships		35,699	—	—	35,699	66,097	—	—	66,097
		1,590,743	—	—	1,590,743	1,676,180	592	—	1,676,772
Net revenue		1,390,395	1,330,249	—	2,720,644	1,680,308	1,481,214	—	3,161,522
Interest and other income		15,529	—	76,523	92,052	18,674	—	90,270	108,944
Change in fair value of investments		(2,989)	—	(1,130)	(4,119)	(4,963)	—	16,045	11,082
		1,402,935	1,330,249	75,393	2,808,577	1,694,019	1,481,214	106,315	3,281,548
Expenses									
Scientific research	7	364,950	408,283	80,000	853,233	197,504	839,182	40,000	1,076,686
Education and advocacy programs		515,820	35,677	—	551,497	441,571	65,696	—	507,267
Operating	8	678,130	—	27,489	705,619	647,839	62	24,912	672,813
Amortization of capital assets		11,245	—	—	11,245	9,523	—	—	9,523
Amortization of intangible asset		7,045	—	—	7,045	6,653	—	—	6,653
		1,577,190	443,960	107,489	2,128,639	1,303,090	904,940	64,912	2,272,942
(Deficiency) excess of revenue over expenses for the year		(174,255)	886,289	(32,096)	679,938	390,929	576,274	41,403	1,008,606
Fund balances, beginning of year		1,073,715	1,319,132	1,493,618	3,886,465	682,786	742,858	1,452,215	2,877,859
Fund balances, end of year		899,460	2,205,421	1,461,522	4,566,403	1,073,715	1,319,132	1,493,618	3,886,465

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

The Foundation Fighting Blindness

Statement of cash flows

Year ended December 31, 2017

	2017	2016
	$	$
Operating activities		
Excess of revenue over expenses for the year	**679,938**	1,008,606
Items not affecting cash		
Amortization of capital assets	**11,245**	9,523
Amortization of intangible asset	**7,045**	6,653
Amortization of lease inducement	**(5,000)**	(4,583)
Change in fair value of investments	**(4,119)**	(11,082)
Net changes in non-cash working capital balances		
Accounts receivable	**(89,867)**	27,319
Prepaid expenses and sundry assets	**74,167**	1,553
Accounts payable and accrued liabilities	**(51,084)**	(82,318)
Deferred revenue	**(945)**	(8,261)
	621,380	947,410
Investing activities		
Net sale of investments	**210,114**	274,642
Purchase of capital assets	**(9,210)**	(4,890)
Purchase of intangible assets	**(1,959)**	(2,083)
	198,945	267,669
Net increase in cash during the year	**820,325**	1,215,079
Cash, beginning of year	**1,900,884**	685,805
Cash, end of year	**2,721,209**	1,900,884

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

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's") 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, expenses 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 funds of the endowment are restricted in use to cover investments fees, administration and to direct funding to applications for grants from qualified Canadian research organizations or individuals.

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, Annual Giving, Planned Giving and Bequests, Community Events, Vision Quest and Education, Grants and Sponsorships.

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.

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

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.

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 the straight-line basis.

Intangible asset

The intangible asset consists of a website, which is amortized on the 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, expenses and changes in fund balances.

Capital assets

Capital assets are recorded at cost. Amortization is provided using 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 and disbursed in the year in which the expense reports from the researchers are reviewed and approved.

2. Summary of significant accounting policies (continued)

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 and 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, expenses and changes in fund balances.

Allocation of expenses

Certain salaries are allocated to direct costs, scientific research expenses, programs and operating expenses based on management's estimate of the percentage of time spent. Such allocations are reviewed by management on a regular basis.

Use of estimates

The preparation of financial statements in accordance with ASNPO's 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 expenses during the reporting period. Actual results could differ from those estimates.

3. Short-term investments

	2017	2016
	$	$
Guaranteed investment certificate	**350,172**	525,108
Common shares	**1,037**	—
	351,209	525,108

The guaranteed investment certificate's interest rate is 1.05% (2.0% in 2016) and it matures on May 2018 (2016 - May 2017).

4. Endowed investments

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

	2017	2016
	$	$
Cash in broker account	**37,350**	20,530
Corporate bonds	**529,789**	563,802
Equities	**894,383**	909,286
	1,461,522	1,493,618

5. Intangible asset

			2017	2016
	Cost	**Accumulated amortization**	**Net**	Net
	$	**$**	**$**	$
Website	**35,224**	**20,454**	**14,770**	19,856

6. Capital assets

			2017	2016
	Cost	**Accumulated amortization**	**Net**	Net
	$	**$**	**$**	$
Computer and telecommunication equipment	**65,565**	**50,454**	**15,111**	12,232
Furniture and fixtures	**17,380**	**17,380**	**—**	554
Equipment	**6,638**	**5,682**	**956**	—
Leasehold improvements	**31,898**	**24,115**	**7,783**	13,099
	121,481	**97,631**	**23,850**	25,885

6. Capital assets (continued)

During the year, fully amortized capital assets with a total cost and accumulated amortization of $Nil ($12,161 in 2016) were written off.

7. Scientific research expenses

				2017
	Unrestricted Fund	**Restricted Fund**	**Endowment Fund**	**Total**
	$	**$**	**$**	**$**
Scientific research grants	**271,276**	**408,283**	**80,000**	**759,559**
Scientific research direct cost	**93,674**	**—**	**—**	**93,674**
	364,950	**408,283**	**80,000**	**853,233**

				2016
	Unrestricted Fund	Restricted Fund	Endowment Fund	Total
	$	$	$	$
Scientific research grants	101,054	839,182	40,000	980,236
Scientific research direct cost	96,450	—	—	96,450
	197,504	839,182	40,000	1,076,686

Future scientific research grants

The Foundation has agreed to provide the following research grants for 2018 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:

	$
2018	712,500
2019	465,000
2020	25,000
2021	25,000
	1,227,500

8. Operating expenses

	2017	2016
	$	$
Office and general administration	**466,975**	435,717
Rent	**127,154**	122,388
Technology and database management costs	**111,490**	114,708
	705,619	672,813

9. Allocation of expenses

Total salaries in 2017 were $1,494,534 (2016 - $1,512,164). As described in Note 2, salaries have been allocated as follows:

	2017	2016
	$	$
Comic vision	**153,377**	117,403
Ride for sight	**69,621**	88,219
Cycle for sight	**139,918**	160,473
Major gifts	**192,998**	190,062
Planned giving and bequests	**14,906**	15,765
Annual giving	**96,882**	87,992
Community events	**17,758**	10,299
Education grants and sponsorships	**31,571**	57,545
Scientific research expenditures	**79,729**	71,789
Education and advocacy programs	**350,151**	415,829
Administration	**347,623**	296,788
	1,494,534	1,512,164

10. Commitments

The Foundation is committed under lease obligations for premises and office equipment expiring in 2023 with approximate annual rentals as follows:

	$
2018	129,610
2019	134,769
2020	138,502
2021	15,608
2022	4,095
Thereafter	2,045
	424,629

11. Funds held in trust

The Foundation is holding $12,223 ($12,208 in 2016) in trust for The National Coalition for Vision Health, of which the Foundation is a member. This amount has not been included in these financial statements.

12. Related party transactions

During the current year, members of the Foundation's board of directors and senior management provided financial contributions amounting to $207,070 ($126,508 in 2016). 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.