
Financial statements of The Foundation Fighting Blindness

December 31, 2018

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Independent Auditor's Report

To the Board of Directors of
The Foundation Fighting Blindness

Opinion

We have audited the financial statements of The Foundation Fighting Blindness (the "Foundation"), which comprise the statement of financial position as at December 31, 2018, and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

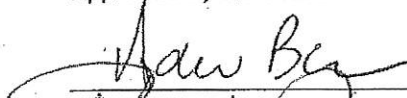
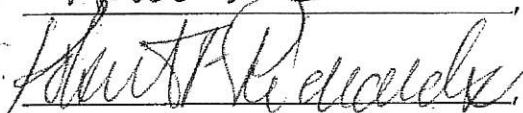
Chartered Professional Accountants
Licensed Public Accountants
June 7, 2019

The Foundation Fighting Blindness
Statement of financial position
As at December 31, 2018

	Notes	2018 \$	2017 \$ (Notes 14 and 15)
Assets			
Current assets			
Cash		188,922	2,099,190
Accounts receivable		59,548	125,572
Prepaid expenses and sundry assets		31,067	35,072
Short-term investments	3	3,672,216	973,228
		<u>3,951,753</u>	<u>3,233,062</u>
Endowed investments	4	1,297,523	1,461,522
Intangible asset	5	7,725	14,770
Capital assets	6	18,413	23,850
		<u>5,275,414</u>	<u>4,733,204</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		137,381	146,569
Deferred revenue	7	2,854,268	2,210,236
		<u>2,991,649</u>	<u>2,356,805</u>
Lease inducement		10,417	15,417
		<u>3,002,066</u>	<u>2,372,222</u>
Commitments	11		
Fund balances			
Unrestricted Fund		975,825	899,460
Endowment Fund	4	1,297,523	1,461,522
		<u>2,273,348</u>	<u>2,360,982</u>
		<u>5,275,414</u>	<u>4,733,204</u>

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

Approved by the Board

 , Director
 , Director

The Foundation Fighting Blindness
Statement of revenue and expenses
Year ended December 31, 2018

	2018			2017		
	Unrestricted	Endowment	Total	Unrestricted	Endowment	Total
	Fund	Fund	\$	Fund	Fund	\$
Notes	\$	\$	\$	\$	\$	\$
				(Note 13)		(Note 13)
Revenue						
Comic Vision	509,324	—	509,324	576,263	—	576,263
Ride for Sight	296,023	—	296,023	335,273	—	335,273
Cycle for Sight	536,545	—	536,545	524,247	—	524,247
Major gifts	1,397,761	—	1,397,761	982,235	—	982,235
Annual giving	607,155	—	607,155	606,871	—	606,871
Planned giving and bequests	62,054	—	62,054	24,200	—	24,200
Community events	74,815	—	74,815	79,293	—	79,293
Vision Quest	187,932	—	187,932	141,516	—	141,516
Education grants and sponsorships	381,183	—	381,183	155,200	—	155,200
Other	5,528	—	5,528	—	—	—
	4,058,320	—	4,058,320	3,425,098	—	3,425,098
Direct costs						
Comic Vision	433,326	—	433,326	432,494	—	432,494
Ride for Sight	121,952	—	121,952	204,950	—	204,950
Cycle for Sight	264,084	—	264,084	279,586	—	279,586
Major gifts	223,722	—	223,722	226,245	—	226,245
Annual giving	379,611	—	379,611	373,611	—	373,611
Planned giving and bequests	14,375	—	14,375	17,462	—	17,462
Community events	5,923	—	5,923	20,696	—	20,696
Education grants and sponsorships	65,164	—	65,164	35,699	—	35,699
	1,508,157	—	1,508,157	1,590,743	—	1,590,743
Net revenue	2,550,163	—	2,550,163	1,834,355	—	1,834,355
Interest and other income	14,811	76,733	91,544	15,529	76,523	92,052
Change in fair value of investments	10,107	(133,607)	(123,500)	(2,989)	(1,130)	(4,119)
	2,575,081	(56,874)	2,518,207	1,846,895	75,393	1,922,288
Expenses						
Scientific research	1,174,384	80,000	1,254,384	773,233	80,000	853,233
Education and advocacy programs	564,921	—	564,921	551,497	—	551,497
Operating	741,442	27,125	768,567	678,130	27,489	705,619
Amortization of capital assets	10,924	—	10,924	11,245	—	11,245
Amortization of intangible asset	7,045	—	7,045	7,045	—	7,045
	2,498,716	107,125	2,605,841	2,021,150	107,489	2,128,639
Excess (deficiency) of revenue over expenses for the year	76,365	(163,999)	(87,634)	(174,255)	(32,096)	(206,351)

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

The Foundation Fighting Blindness

Statement of changes in fund balances

Year ended December 31, 2018

		2018				2017			
		Unrestricted Fund	Restricted Fund	Endowment Fund	Total	Unrestricted Fund	Restricted Fund	Endowment Fund	Total
	Notes	\$	\$	\$	\$	\$	\$	\$	\$
						(Note 14)	(Note 14)		(Note 14)
Fund balances, beginning of year									
As previously reported		899,460	2,205,421	1,461,522	4,566,403	1,073,715	1,319,132	1,493,618	3,886,465
Prior period adjustments	14	—	(2,205,421)	—	(2,205,421)	—	(1,319,132)	—	(1,319,132)
As restated		899,460	—	1,461,522	2,360,982	1,073,715	—	1,493,618	2,567,333
Excess (deficiency) of revenue over expenses for the year		76,365	—	(163,999)	(87,634)	(174,255)	—	(32,096)	(206,351)
Fund balances, end of year		975,825	—	1,297,523	2,273,348	899,460	—	1,461,522	2,360,982

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

The Foundation Fighting Blindness

Statement of cash flows

Year ended December 31, 2018

	2018	2017
	\$	\$
		(Notes 14 and 15)
Operating activities		
Deficiency of revenue over expenses for the year	(87,634)	(206,351)
Items not affecting cash		
Amortization of capital assets	10,924	11,245
Amortization of intangible asset	7,045	7,045
Amortization of lease inducement	(5,000)	(5,000)
Change in fair value of investments	(123,500)	(4,119)
Net changes in non-cash working capital balances		
Accounts receivable	66,024	(89,867)
Prepaid expenses and sundry assets	4,005	74,167
Accounts payable and accrued liabilities	(9,188)	(51,084)
Deferred revenue	644,032	885,344
	506,708	621,380
Investing activities		
Net purchase of investments	(2,411,489)	(411,905)
Purchase of capital assets	(5,487)	(9,210)
Purchase of intangible assets	—	(1,959)
	(2,416,976)	(423,074)
Net (decrease) increase in cash during the year	(1,910,268)	198,306
Cash, beginning of year	2,099,190	1,900,884
Cash, end of year	188,922	2,099,190

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 lead the fight against blindness by raising and directing funds to accelerate the development and availability of treatments and cures.

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") under Part III of the CPA Canada's Handbook - Accounting. The Foundation follows the deferred method of accounting for contributions.

Revenue recognition

Donor restricted contributions for specific purposes are deferred and recognized as revenue when the related expenses have been incurred.

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.

Unrestricted contributions are recognized as revenue 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.

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.

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 and expenses.

2. Summary of significant accounting policies (continued)

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.

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 and expenses.

2. Summary of significant accounting policies (continued)

Allocation of expenses

The salaries of certain employees 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. Primary components of these financial statements which include estimates are: intangible and capital assets with respect to useful life and amortization, investments, accrued liabilities and deferred revenue.

3. Short-term investments

	2018	2017
	\$	\$
		(Note 15)
Guaranteed investment certificates	1,840,020	350,172
Investment Savings Accounts	1,832,196	622,019
Common shares	—	1,037
	3,672,216	973,228

The guaranteed investment certificates' interest rates are between 1.60% and 2.15% (1.05% in 2017) and mature between February 2019 and August 2019 (May 2017 in 2017).

4. Endowed investments

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

	2018	2017
	\$	\$
Cash in broker account	20,065	37,350
Corporate bonds	557,414	529,789
Equities	720,044	894,383
	1,297,523	1,461,522

4. Endowed investments (continued)

Transactions that occurred during the year are:

	2018 \$	2017 \$
Beginning fund balance	1,461,522	1,493,618
Interest and other income from investments	76,733	76,523
Change in fair market value of investments	(133,607)	(1,130)
Investment management fee	(27,125)	(27,489)
(Decrease) increase in fund balance before disbursements	(83,999)	47,904
Disbursements for scientific research made from proceeds	—	(47,904)
Disbursements for scientific research made from principal	(80,000)	(32,096)
Decrease in fund balance during the year	(163,999)	(32,096)
Ending fund balance	1,297,523	1,461,522

5. Intangible asset

	2018		2017
	Cost \$	Accumulated amortization \$	Net \$
Website	35,224	27,499	7,725
			14,770

6. Capital assets

	Cost \$	Accumulated amortization \$	2018 Net \$	2017 Net \$
Computer and telecommunication equipment	71,052	55,868	15,184	15,111
Equipment	6,638	5,876	762	956
Leasehold improvements	31,898	29,431	2,467	7,783
	109,588	91,175	18,413	23,850

During the year, fully amortized capital assets with a total cost and accumulated amortization of \$17,380 (nil in 2017) were written off.

The Foundation Fighting Blindness
Notes to the financial statements
December 31, 2018

7. Deferred revenue

	2018 \$	2017 \$
Opening balance	2,210,236	1,324,892
Amounts received during the year	1,475,962	1,335,064
Revenue recognized during the year	831,930	449,720
	<u>2,854,268</u>	<u>2,210,236</u>

8. Scientific research expenses

	2018		
	Unrestricted Fund \$	Endowment Fund \$	Total \$
Scientific research grants	1,121,953	80,000	1,201,953
Scientific research direct cost	52,431	—	52,431
	<u>1,174,384</u>	<u>80,000</u>	<u>1,254,384</u>

	2017		
	Unrestricted Fund \$	Endowment Fund \$	Total \$
(Note 14)			
Scientific research grants	679,559	80,000	759,559
Scientific research direct cost	93,674	—	93,674
	<u>773,233</u>	<u>80,000</u>	<u>853,233</u>

Future scientific research grants

The Foundation has agreed to provide the following research grants for 2019 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:

	\$
2019	1,617,539
2020	820,124
2021	475,040
	<u>2,912,703</u>

The Foundation Fighting Blindness
Notes to the financial statements
December 31, 2018

9. Operating expenses

	2018	2017
	\$	\$
Office and general administration	562,820	466,975
Rent	122,968	127,154
Technology and database management costs	82,779	111,490
	<u>768,567</u>	<u>705,619</u>

10. Allocation of expenses

Total salaries in 2018 amounted to \$1,178,756 (\$1,494,534 in 2017). As indicated in Note 2, salaries have been allocated as follows:

	2018	2017
	\$	\$
Comic vision	125,048	153,377
Ride for sight	28,273	69,621
Cycle for sight	51,905	139,918
Major gifts	165,611	192,998
Planned giving and bequests	9,829	14,906
Annual giving	85,473	96,882
Community events	1,896	17,758
Education grants and sponsorships	57,397	31,571
Scientific research expenditures	108,811	79,729
Education and advocacy programs	284,377	350,151
Administration	260,136	347,623
	<u>1,178,756</u>	<u>1,494,534</u>

11. Commitments

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

	\$
2019	134,769
2020	138,502
2021	15,608
2022	4,095
2023	2,045
	<u>295,019</u>

12. Funds held in trust

The Foundation is holding nil (\$12,223 in 2017) 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.

13. Related party transactions

During the current year, members of the Foundation's board of directors and senior management provided financial contributions amounting to \$188,675 (\$207,070 in 2017). 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.

14. Prior period adjustments

Effective January 1, 2017, the Foundation changed its revenue recognition policy from the Restricted Fund method to the Deferral method. As a result, all Externally restricted fund balances have been transferred to Deferred revenue.

The impact of the change on the Statement of financial position as at January 1, 2017 are as follows:

	January 1, 2017		
	Balances, as previously reported	Adjustments	Balances, as restated
	\$	\$	\$
Deferred revenue	5,760	1,319,132	1,324,892
Externally restricted funds	1,319,132	(1,319,132)	—
	1,324,892	—	1,324,892

The impacts of the change on the Statement of financial position as at December 31, 2017 are as follows:

	December 31, 2017		
	Balances, as previously reported	Adjustments	Balances, as restated
	\$	\$	\$
Deferred revenue	4,815	2,205,421	2,210,236
Externally restricted funds	2,205,421	(2,205,421)	—
	2,210,236	—	2,210,236

The impacts of the change on the Statement of revenue and expenses for the year ended December 31, 2017 are as follows:

	2017		
	Amounts, as previously reported	Adjustments	Amounts, as restated
	\$	\$	\$
Revenue	4,311,387	(886,289)	3,425,098
Excess (deficiency) of revenue over expenses	679,938	(886,289)	(206,351)
	3,631,449	—	3,631,449

15. Comparative amounts

The following comparative amounts have been reclassified to conform to the current year's financial statement presentation:

	2017	
	As amended	As previously stated
	\$	\$
Statement of financial position		
Cash	2,099,190	2,721,209
Short-term investments	973,228	351,209
	<u>3,072,418</u>	<u>3,072,418</u>

The Statement of cash flows was amended accordingly.