
Financial statements of
The Foundation Fighting Blindness
(operating as Fighting Blindness Canada)

December 31, 2020

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Independent Auditor's Report

To the Board of Directors of
The Foundation Fighting Blindness
(operating as Fighting Blindness Canada)

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, 2020, 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, 2020, 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
May 31, 2021

The Foundation Fighting Blindness (operating as Fighting Blindness Canada)

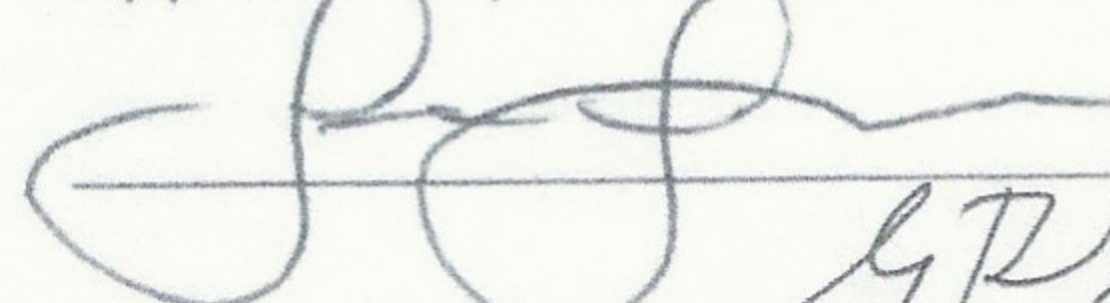
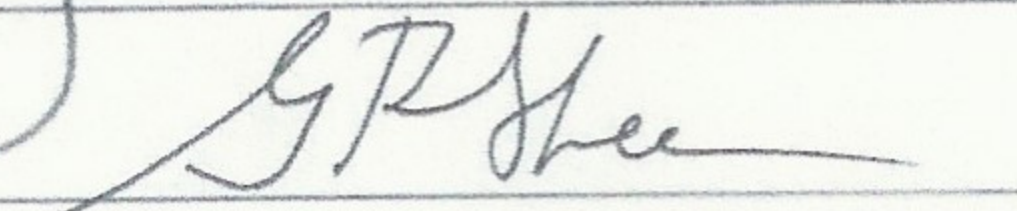
Statement of financial position

As at December 31, 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash		1,974,357	370,653
Short-term investments	3a	3,635,793	3,272,800
Accounts receivable		125,407	167,336
Prepaid expenses and sundry assets		64,966	28,403
		<u>5,800,523</u>	<u>3,839,192</u>
Investments	3b	500,000	—
Externally restricted investments	4	982,571	1,316,546
Intangible asset	5	—	681
Capital assets	6	29,267	35,765
		<u>7,312,361</u>	<u>5,192,184</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		657,164	507,834
Deferred revenue	7	3,950,895	2,414,690
		<u>4,608,059</u>	<u>2,922,524</u>
Lease inducement		417	5,417
		<u>4,608,476</u>	<u>2,927,941</u>
Commitments	11		
Fund balances			
Unrestricted Fund		1,721,314	947,697
Externally Restricted Fund	2 and 4	982,571	—
Endowment Fund	2 and 4	—	1,316,546
		<u>2,703,885</u>	<u>2,264,243</u>
		<u>7,312,361</u>	<u>5,192,184</u>

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

Approved by the Board

 , Director
 , Director

The Foundation Fighting Blindness (operating as Fighting Blindness Canada)

Statement of revenue and expenses

Year ended December 31, 2020

	Unrestricted Fund	Externally Restricted Fund	2020 Total	Unrestricted Fund	Endowment Fund	2019 Total
	\$	\$	\$	\$	\$	\$
(Note 14)						
Revenue						
Comic Vision	144,123	—	144,123	228,549	—	228,549
Ride for Sight	95,046	—	95,046	232,528	—	232,528
Cycle for Sight	361,923	—	361,923	572,125	—	572,125
Major gifts	2,222,621	—	2,222,621	2,162,650	—	2,162,650
Annual giving	762,357	—	762,357	678,222	—	678,222
Planned giving and bequests	121,869	—	121,869	145,545	—	145,545
Community events	112,800	—	112,800	83,899	—	83,899
Vision Quest	173,791	—	173,791	164,950	—	164,950
Education grants and sponsorships	657,890	—	657,890	465,587	—	465,587
Government funding	381,786	—	381,786	—	—	—
Other	—	—	—	723	—	723
	5,034,206	—	5,034,206	4,734,778	—	4,734,778
Direct costs						
Comic Vision	160,971	—	160,971	165,953	—	165,953
Ride for Sight	84,383	—	84,383	105,930	—	105,930
Cycle for Sight	135,511	—	135,511	253,292	—	253,292
Major gifts	335,237	—	335,237	406,505	—	406,505
Annual giving	450,371	—	450,371	420,277	—	420,277
Planned giving and bequests	50,396	—	50,396	26,146	—	26,146
Community events	84,888	—	84,888	21,379	—	21,379
Corporate fundraising	131,031	—	131,031	42,206	—	42,206
Other fundraising costs	261,542	—	261,542	363,182	—	363,182
	1,694,330	—	1,694,330	1,804,870	—	1,804,870
Excess of revenue over direct costs and before the undernoted interest and other income	3,339,876	—	3,339,876	2,929,908	—	2,929,908
Change in fair value of investments	48,482	127,686	176,168	53,928	67,406	121,334
	—	(249,625)	(249,625)	14,566	76,917	91,483
	3,388,358	(121,939)	3,266,419	2,998,402	144,323	3,142,725
Expenses						
Scientific research	1,238,581	200,000	1,438,581	1,599,089	100,000	1,699,089
Education and advocacy programs	872,730	—	872,730	957,085	—	957,085
Operating	491,360	12,036	503,396	453,674	25,300	478,974
Amortization of capital assets	11,389	—	11,389	9,638	—	9,638
Amortization of intangible asset	681	—	681	7,044	—	7,044
	2,614,741	212,036	2,826,777	3,026,530	125,300	3,151,830
Excess (deficiency) of revenue over expenses for the year	773,617	(333,975)	439,642	(28,128)	19,023	(9,105)

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The Foundation Fighting Blindness (operating as Fighting Blindness Canada)
Statement of changes in fund balances
Year ended December 31, 2020

	Notes	Unrestricted Fund	Externally Restricted Fund	Endowment Fund	2020 Total	Unrestricted Fund	Endowment Fund	2019 Total
		\$	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year		947,697	—	1,316,546	2,264,243	975,825	1,297,523	2,273,348
Inter-fund transfer	2	—	1,316,546	(1,316,546)	—	—	—	—
Excess (deficiency) of revenue over expenses for the year		773,617	(333,975)	—	439,642	(28,128)	19,023	(9,105)
Fund balances, end of year		1,721,314	982,571	—	2,703,885	947,697	1,316,546	2,264,243

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

The Foundation Fighting Blindness (operating as Fighting Blindness Canada)**Statement of cash flows**

Year ended December 31, 2020

	2020 \$	2019 \$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	439,642	(9,105)
Items not affecting cash		
Amortization of capital assets	11,389	9,638
Amortization of intangible asset	681	7,044
Amortization of lease inducement	(5,000)	(5,000)
Change in fair value of investments	249,625	(91,483)
Net changes in non-cash working capital balances		
Accounts receivable	41,929	(107,788)
Prepaid expenses and sundry assets	(36,563)	2,664
Accounts payable and accrued liabilities	149,330	370,453
Deferred revenue	1,536,205	(439,578)
	<u>2,387,238</u>	<u>(263,155)</u>
Investing activities		
Net (purchase) redemption of investments	(778,643)	471,876
Purchase of capital assets	(4,891)	(26,990)
	<u>(783,534)</u>	<u>444,886</u>
Net increase in cash during the year	1,603,704	181,731
Cash, beginning of year	370,653	188,922
Cash, end of year	<u>1,974,357</u>	<u>370,653</u>

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.

Effective April 25th, 2019, the Foundation is operating as Fighting Blindness Canada.

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.

Fund accounting

Unrestricted Fund

The Unrestricted Fund accounts for the Foundation's program delivery and administrative activities.

Endowment Fund

The Arthur and Sonia Labatt Endowment Fund consisted of those funds where donor restrictions required 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 were restricted in use to cover investments fees, administration and to direct funding to applications for grants from qualified Canadian research organizations or individuals.

Effective January 1, 2020, the restrictions of the endowment fund were removed by the donors and therefore the related investments totalling \$1,316,546 were transferred to the Externally Restricted Fund.

Externally Restricted Fund

The Externally Restricted Fund is comprised of the Labatt Fund which was created during the year from the investments of the former Endowment Fund. The purpose of the Labatt Fund is to support qualified Canadian vision research, as needed.

Revenue recognition

Donor restricted contributions for specific purposes are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. All other restricted contributions for which no restricted fund has been established, are deferred and recognized as revenue of the Unrestricted Fund 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 of the Unrestricted Fund when the related event occurs.

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

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.

Interest and investment income is recognized in the year earned.

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.

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.

2. Summary of significant accounting policies (continued)

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.

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. Investments

(a) Short-term investments

	2020	2019
	\$	\$
Guaranteed investment certificates	1,068,476	2,157,950
Investment savings account	2,567,317	1,114,850
	3,635,793	3,272,800

The guaranteed investment certificates' interest rates are between 0.65% and 2.00% (between 1.65% and 2.60% in 2019) and mature between February 2021 and October 2021 (between January 2020 and September 2020 in 2019).

The Foundation Fighting Blindness (operating as Fighting Blindness Canada)**Notes to the financial statements**

December 31, 2020

3. Investments (continued)*(b) Long-term investments*

Long-term investments of \$500,000 (nil in 2019) are comprised of guaranteed investment certificates with interest rates between 1.57% and 1.80% and mature in March 2022.

4. Externally restricted investments

The Labatt Fund investments (Arthur and Sonia Labatt Endowment Fund investments in 2019) are invested in a separate portfolio with the following asset mix:

	2020 \$	2019 \$
Guaranteed investment certificates	777,220	—
Cash in broker account	205,351	13,619
Equities	—	784,562
Corporate bonds	—	518,365
	982,571	1,316,546

The guaranteed investment certificates' interest rate is 2% and mature between January 2021 and February 2021 (nil in 2019).

Transactions that occurred during the year are:

	2020 \$	2019 \$
Beginning fund balance	1,316,546	1,297,523
Interest and other income from investments	127,686	67,406
Change in fair market value of investments	(249,625)	76,917
Investment management fee	(12,036)	(25,300)
(Decrease) increase in fund balance before disbursements	(133,975)	119,023
Disbursements for scientific research made from proceeds	—	(100,000)
Disbursements for scientific research made from principal	(200,000)	—
(Decrease) increase in fund balance during the year	(333,975)	19,023
Ending fund balance	982,571	1,316,546

5. Intangible asset

	Cost \$	Accumulated amortization \$	2020 Net \$	2019 Net \$
Website	35,224	35,224	—	681

The Foundation Fighting Blindness (operating as Fighting Blindness Canada)**Notes to the financial statements**

December 31, 2020

6. Capital assets

	Cost	Accumulated amortization	2020 Net	2019 Net
	\$	\$	\$	\$
Computer and telecommunication equipment	93,224	71,011	22,213	25,508
Equipment	6,638	6,265	373	567
Furniture and fixtures	27,089	20,408	6,681	9,690
	158,849	129,582	29,267	35,765

In the prior year, fully amortized capital assets with a total cost and accumulated amortization of \$31,898 were written off. No such similar transaction occurred during 2020.

7. Deferred revenue

	2020	2019
	\$	\$
Opening balance	2,414,690	2,854,268
Amounts received during the year	3,010,361	1,189,087
Revenue recognized during the year	1,474,156	1,628,665
	3,950,895	2,414,690

8. Scientific research expenses

	Unrestricted Fund	Externally Restricted Fund	2020 Total
	\$	\$	\$
Scientific research grants	1,129,722	200,000	1,329,722
Scientific research direct cost	108,859	—	108,859
	1,238,581	200,000	1,438,581

	Unrestricted Fund	Endowment Fund	2019 Total
	\$	\$	\$
Scientific research grants	1,447,439	100,000	1,547,439
Scientific research direct cost	151,650	—	151,650
	1,599,089	100,000	1,699,089

8. Scientific research expenses (continued)

Future scientific research grants

The Foundation has agreed to provide the following research grants for 2020 through 2025, 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:

	\$
2021	2,514,733
2022	1,628,825
2023	293,425
2024	96,225
2025	64,124
	<u>4,597,332</u>

9. Operating expenses

	2020 \$	2019 \$
Office and general administration	375,556	355,537
Rent	127,840	123,437
	503,396	478,974

10. Allocation of expenses

Total salary and benefits expenses in 2020 amounted to \$1,632,062 (\$1,395,580 in 2019). As indicated in Note 2, salaries and benefits have been allocated as follows:

	2020 \$	2019 \$
Comic vision	108,444	46,837
Ride for sight	42,987	11,495
Cycle for sight	51,707	51,249
Major gifts	278,315	254,530
Planned giving and bequests	40,509	13,283
Annual giving	112,482	112,240
Community events	63,973	14,970
General fundraising expenditures	120,447	153,776
Education grants and sponsorships	117,950	18,502
Scientific research expenditures	87,750	61,780
Education and advocacy programs	470,922	502,480
Administration	136,576	154,438
	1,632,062	1,395,580

The Foundation Fighting Blindness (operating as Fighting Blindness Canada)**Notes to the financial statements**December 31, 2020

11. Commitments

The Foundation is committed under lease obligations for premises and office equipment expiring in 2026 with approximate annual rentals as follows:

	\$
2021	155,281
2022	159,110
2023	160,811
2024	160,881
2025	159,818
Thereafter	13,318
	<u>809,219</u>

12. Related party transactions

During the current year, members of the Foundation's board of directors and senior management provided financial contributions amounting to \$79,002 (\$188,840 in 2019). 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. Significant event – COVID-19

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial position, results of operations and cash flows of the Foundation in future periods.

14. Comparative amounts

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

	As amended \$	2019 As previously stated \$
Statement of revenue and expenses		
Unrestricted fund		
Direct costs		
Other fundraising expenses	363,182	—
Expenses		
Operating	<u>453,674</u>	<u>816,856</u>
	<u>816,856</u>	<u>816,856</u>

In addition, Notes 9 and 10 have been amended accordingly.