

The Foundation Fighting Blindness

Financial Statements
December 31, 2013



June 17, 2014

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, 2013 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.

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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, 2013 and December 31, 2012, current assets as at December 31, 2013 and December 31, 2012 and fund balances at both the beginning and end of the years ended December 31, 2013 and December 31, 2012. Our audit opinion on the financial statements for the year ended December 31, 2012 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, 2013 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, 2013

	2013 \$	2012 \$
Assets		
Current assets		
Cash and cash equivalents	595,229	1,301,954
Donations receivable	61,439	98,708
Prepaid expenses and sundry assets	254,560	144,890
Investments (note 3)	1,332,578	2,139,202
	<u>2,243,806</u>	<u>3,684,754</u>
Investments (note 3)	1,305,612	267,907
Property and equipment (note 4)	45,902	28,329
	<u>3,595,320</u>	<u>3,980,990</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	106,917	84,017
Deferred revenue	108,101	77,787
	<u>215,018</u>	<u>161,804</u>
Lease inducement	25,000	-
	<u>240,018</u>	<u>161,804</u>
Fund Balances		
Unrestricted Fund	1,836,763	2,289,849
Restricted Fund	518,539	529,337
Endowment Fund	1,000,000	1,000,000
	<u>3,355,302</u>	<u>3,819,186</u>
	<u>3,595,320</u>	<u>3,980,990</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, 2013

			2013	2012
	Unrestricted Fund \$	Restricted Fund \$	Total \$	Total \$
Revenues (note 9)				
Comic Vision	949,238	15,375	964,613	941,651
Ride for Sight	672,479	-	672,479	712,284
Cycle for Sight	533,641	-	533,641	449,498
Major gifts	489,049	796,765	1,285,814	1,356,054
Donor database	540,638	-	540,638	465,494
Bequests, memorials and other	296,143	-	296,143	198,277
Special events	73,448	-	73,448	129,843
	<u>3,554,636</u>	<u>812,140</u>	<u>4,366,776</u>	<u>4,253,101</u>
Direct costs				
Comic Vision	429,102	-	429,102	344,098
Ride for Sight	375,657	-	375,657	406,328
Cycle for Sight	214,489	-	214,489	134,227
Major gifts	213,227	2,000	215,227	167,954
Donor database	366,808	-	366,808	323,552
Special events	25,719	-	25,719	26,418
	<u>1,625,002</u>	<u>2,000</u>	<u>1,627,002</u>	<u>1,402,577</u>
Net revenues	1,929,634	810,140	2,739,774	2,850,524
Interest and other income	133,522	-	133,522	89,787
Change in fair value of investments	60,147	-	60,147	58,910
	<u>2,123,303</u>	<u>810,140</u>	<u>2,933,443</u>	<u>2,999,221</u>
Expenditures				
Scientific research expenditures (note 5)	1,287,079	793,938	2,081,017	1,829,940
Programs (note 6)	315,556	27,000	342,556	344,607
Operating expenses (note 6)	959,017	-	959,017	844,423
Amortization of property and equipment	14,737	-	14,737	11,341
	<u>2,576,389</u>	<u>820,938</u>	<u>3,397,327</u>	<u>3,030,311</u>
Excess of expenditures over revenues for the year	<u>(453,086)</u>	<u>(10,798)</u>	<u>(463,884)</u>	<u>(31,090)</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, 2013

	Unrestricted Fund \$	Restricted Fund \$	Endowment Fund \$	Total \$
Fund balances - December 31, 2012	2,289,849	529,337	1,000,000	3,819,186
Excess of expenditures over revenues for the year	(453,086)	(10,798)	-	(463,884)
Fund balances - December 31, 2013	<u>1,836,763</u>	<u>518,539</u>	<u>1,000,000</u>	<u>3,355,302</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, 2013

	2013 \$	2012 \$
Cash provided by (used in)		
Operating activities		
Excess of expenditures over revenues for the year	(463,884)	(31,090)
Items not affecting cash		
Lease inducement	25,000	-
Amortization of property and equipment	14,737	11,341
Amortization of intangible assets	-	7,455
Change in fair value of investments	(60,147)	(58,910)
Net changes in non-cash working capital balances		
Donations receivable	37,269	224,525
Prepaid expenses and sundry assets	(109,670)	20,778
Accounts payable and accrued liabilities	22,900	65,285
Deferred revenue	30,314	(65,929)
	<hr/>	<hr/>
	(503,481)	173,455
Investing activities		
(Purchase) sale of investments	(170,934)	333,960
Purchase of property and equipment	(32,310)	(7,497)
	<hr/>	<hr/>
	(203,244)	326,463
Change in cash and cash equivalents during the year	(706,725)	499,918
Cash and cash equivalents - Beginning of year	<hr/>	<hr/>
	1,301,954	802,036
Cash and cash equivalents - End of year	<hr/>	<hr/>
	595,229	1,301,954

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

The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2013

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 those funds where resources are to be used for an identified purpose as specified by a donor agreement. These funds only include amounts restricted for education and research purposes.

c) Endowment Fund

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

The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2013

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 that are recorded at fair value.

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.

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
Leasehold improvements	term of lease

The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2013

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 if 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.

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.

The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2013

3 Investments

The Foundation's short-term investments, which have a maturity of less than 365 days, are summarized as follows:

	Fair value	
	2013	2012
	\$	\$
Short-term investments		
Corporate bonds	18,383	31,236
Equities	658,623	615,811
Guaranteed investment certificates (i)	655,572	1,492,155
	<u>1,332,578</u>	<u>2,139,202</u>
Long-term investments		
Corporate bonds	311,381	267,907
Guaranteed investment certificates (i)	994,231	-
	<u>1,305,612</u>	<u>267,907</u>

i) The guaranteed investment certificates' interest rates range from 1.50% to 4.15%.

4 Property and equipment

	2013		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Computer and telecommunication equipment	143,003	122,364	20,639
Furniture and fixtures	13,080	13,080	-
Leasehold improvements	28,872	3,609	25,263
	<u>184,955</u>	<u>139,053</u>	<u>45,902</u>
	2012		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Computer and telecommunication equipment	139,564	111,235	28,329
Furniture and fixtures	13,080	13,080	-
	<u>152,644</u>	<u>124,315</u>	<u>28,329</u>

The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2013

5 Scientific research expenditures

			<u>2013</u>	<u>2012</u>
	<u>Unrestricted Fund \$</u>	<u>Restricted Fund \$</u>	<u>Total \$</u>	<u>Total \$</u>
Scientific research grants	1,228,391	707,438	1,935,829	1,703,593
Scientific research direct costs	58,688	86,500	145,188	126,347
	<u>1,287,079</u>	<u>793,938</u>	<u>2,081,017</u>	<u>1,829,940</u>

6 Expenditures

			<u>2013</u>	<u>2012</u>
	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total \$</u>	<u>Total \$</u>
Programs				
Chapter development	11,030	-	11,030	6,800
Conferences	66,145	27,000	93,145	69,681
Newsletter	40,788	-	40,788	42,353
Public education and awareness	197,593	-	197,593	225,773
	<u>315,556</u>	<u>27,000</u>	<u>342,556</u>	<u>344,607</u>
Operating expenses				
Administration			780,621	676,999
Postage and delivery			41,743	38,337
Rent			122,791	119,589
Telephone			10,910	7,659
Travel			2,952	1,839
			<u>959,017</u>	<u>844,423</u>

7 Commitments

Scientific research grants

The following commitments for 2014 through 2016 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:

	\$
2014	1,584,363
2015	807,962
2016	231,333
	<u>2,623,658</u>

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

The Foundation Fighting Blindness

Notes to Financial Statements

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Lease commitments

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

	\$
2014	64,450
2015	64,450
2016	64,190
2017	63,300
2018	63,450
Thereafter	<u>124,990</u>
	<u>444,830</u>

8 Funds held in trust

The Foundation is holding \$12,209 (2012 - \$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.

9 Related party transactions

During the current year, members of the Foundation's board of directors provided financial contributions amounting to \$260,203 (2012 - \$126,442).