

The Foundation Fighting Blindness

Financial Statements
December 31, 2010

May 30, 2011

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, 2010 and the statements of revenue and expenditures, changes in fund balances and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Basis for qualified opinion

In common with many charitable organizations, The Foundation Fighting Blindness derives revenues from various sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of The Foundation Fighting Blindness and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, assets and fund balances.

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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

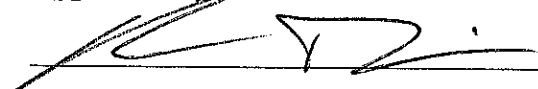
The Foundation Fighting Blindness

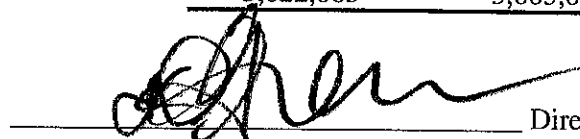
Statement of Financial Position

As at December 31, 2010

	2010 \$	2009 \$
Assets		
Current assets		
Cash	-	314,525
Donations receivable	278,656	114,108
Prepaid and sundry assets	72,458	84,918
Short-term investments (note 3)	2,649,764	2,880,078
	<u>3,000,878</u>	<u>3,393,629</u>
Long-term investments (note 3)	577,758	256,362
Property and equipment (note 4)	29,339	15,842
Intangible assets (note 5)	14,910	-
	<u>3,622,885</u>	<u>3,665,833</u>
Liabilities		
Current liabilities		
Bank indebtedness	2,372	-
Accounts payable and accrued liabilities	36,501	63,992
Deferred revenue	104,284	220,718
	<u>143,157</u>	<u>284,710</u>
Lease inducement	324	4,204
	<u>143,481</u>	<u>288,914</u>
Fund Balances		
Unrestricted Fund	1,882,176	1,770,961
Restricted Fund	597,228	605,958
Endowment Fund	1,000,000	1,000,000
	<u>3,479,404</u>	<u>3,376,919</u>
	<u>3,622,885</u>	<u>3,665,833</u>

Approved by the Board of Directors

 Director

 Director

The Foundation Fighting Blindness

Statement of Revenues and Expenditures

For the year ended December 31, 2010

	2010			2009	
	Unrestricted Fund \$	Restricted Fund \$	Endowment Fund \$	Total \$	Total \$
Revenues					
Ride For Sight	913,910	-	-	913,910	1,042,702
Cycle for Sight	281,574	-	-	281,574	-
Comic vision	902,432	-	-	902,432	782,344
Major gifts	429,832	260,333	-	690,165	750,128
Donor database	442,389	-	-	442,389	400,543
Special events	65,502	-	-	65,502	114,288
Bequests, memorials and other	346,711	-	-	346,711	500,716
	3,382,350	260,333	-	3,642,683	3,590,721
Direct costs					
Ride for Sight	425,799	-	-	425,799	489,620
Cycle for Sight	79,679	-	-	79,679	-
Comic vision	375,256	-	-	375,256	309,157
Major gifts	45,283	-	-	45,283	83,184
Donor database	193,861	-	-	193,861	124,764
Special events	24,275	-	-	24,275	61,866
	1,144,153	-	-	1,144,153	1,068,591
Net revenues	2,238,197	260,333	-	2,498,530	2,522,130
Interest and other income	68,274	-	-	68,274	67,394
Unrealized gains on investments	51,700	-	-	51,700	162,219
	2,358,171	260,333	-	2,618,504	2,751,743
Expenditures (note 7)					
Scientific research expenditures	1,186,820	269,063	-	1,455,883	1,483,297
Programs	293,797	-	-	293,797	276,256
Operating expenses	757,198	-	-	757,198	594,409
Amortization	9,141	-	-	9,141	5,425
	2,246,956	269,063	-	2,516,019	2,359,387
Excess of revenues over expenditures (expenditures over revenues) for the year	111,215	(8,730)	-	102,485	392,356

The Foundation Fighting Blindness

Statement of Changes in Fund Balances

For the year ended December 31, 2010

	Unrestricted Fund \$	Restricted Fund \$	Endowment Fund \$	Total \$
Fund balances - December 31, 2009	1,770,961	605,958	1,000,000	3,376,919
Excess of revenues over expenditures (expenditures over revenues) for the year	111,215	(8,730)	-	102,485
Fund balances - December 31, 2010	<u>1,882,176</u>	<u>597,228</u>	<u>1,000,000</u>	<u>3,479,404</u>

The Foundation Fighting Blindness

Statement of Cash Flows

For the year ended December 31, 2010

	2010	2009
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures for the year	102,485	392,356
Items not affecting cash		
Amortization of lease inducement	(3,880)	(3,880)
Amortization of property and equipment	9,141	5,425
Amortization of intangible assets	7,455	-
Unrealized gains on investments	(51,700)	(162,219)
Net changes in non-cash working capital balances		
Donations receivable	(164,548)	221,682
Prepaid expenses and sundry assets	12,460	(22,831)
Accounts payable and accrued liabilities	(27,491)	(3,588)
Deferred income	(116,434)	128,547
	<u>(232,512)</u>	<u>555,492</u>
Investing activities		
Purchase of investments	(39,382)	(689,433)
Purchase of property and equipment	(22,638)	(6,767)
Purchase of intangible assets	(22,365)	-
	<u>(84,385)</u>	<u>(696,200)</u>
Decrease in cash during the year	(316,897)	(140,708)
Cash - Beginning of year	<u>314,525</u>	<u>455,233</u>
Cash (bank indebtedness) - End of year	<u>(2,372)</u>	<u>314,525</u>

The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2010

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 non-profit organization and as such is exempt from income taxes.

The mission of The Foundation Fighting Blindness 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 generally accepted accounting principles 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 the donors. 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, 2010

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 are 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.

Deferred revenue

Sponsorships received from contributors, which are restricted for a specific event and have been received in advance of the event, are deferred upon receipt and subsequently recognized as revenue when the related event occurs.

Lease inducement

The Foundation received a lease inducement on its leased premises in the form of free rent, which is amortized on a straight-line basis over the expected lease term. The annual amortization has been netted against rent expense.

Property and equipment

Property and equipment are stated at cost. Amortization is being provided by the straight-line method over the following estimated useful lives:

Computer and telecom equipment	5 years
Furniture and fixtures	10 years

Impairment of long-lived assets

The Foundation reviews all long-lived assets, including property and equipment, for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable and exceeds its fair value.

The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2010

Intangible assets

Intangible assets are comprised of intangible assets with finite lives and are amortized on a straight-line basis over a period of three years.

On an annual basis, the Foundation compares the carrying amount of the intangible assets to their fair value and recognizes any impairment in value in excess of revenues over expenditures.

Scientific research grants

Research grants are recorded in the period in which the expenditures are made.

Donated services

The work of the Foundation is dependent on the voluntary services of the community. Since these services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 year. Actual results could differ from those estimates.

Financial instruments

The Foundation utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Foundation classifies its financial instruments into one of the following categories based on the purpose for which the financial instruments were acquired or issued. The Foundation's accounting policy for each category is as follows:

Assets/liabilities	Category	Measurement
Cash	held-for-trading	fair value
Donations receivable	loans and receivables	amortized cost
Investments	held-for-trading	fair value
Accounts payable and accrued liabilities	other liabilities	amortized cost

The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2010

- Held-for-trading

This category is comprised of certain investments in equity and debt instruments. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of revenues and expenditures. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

- Loans and receivables

Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost, less any provision for impairment.

- Other financial liabilities

Accounts payable and accrued liabilities are initially recognized at fair value and subsequently carried at amortized cost.

3 Investments

The Foundation's short-term investments are summarized as follows:

	<u>Fair value</u>	
	2010	2009
	\$	\$
Short-term money market funds	1,126,335	1,968,346
Corporate bonds	11,167	-
Equities	534,307	466,218
Guaranteed investment certificates	746,983	195,351
Cash equivalents	230,972	250,163
	<u>2,649,764</u>	<u>2,880,078</u>

The Foundation's long-term investments include bonds, which do not mature in the next fiscal year.

4 Property and equipment

	<u>2010</u>		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer and telecom equipment	132,337	102,998	29,339
Furniture and fixtures	13,080	13,080	-
	<u>145,417</u>	<u>116,078</u>	<u>29,339</u>

The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2010

	<u>2009</u>		
	Cost \$	Accumulated amortization \$	Net \$
Computer and telecom equipment	109,699	93,857	15,842
Furniture and fixtures	13,080	13,080	-
	<u>122,779</u>	<u>106,937</u>	<u>15,842</u>

5 Intangible assets

	<u>2010</u>			<u>2009</u>
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Intangible assets	22,365	7,455	14,910	-

6 Commitments

Scientific research grants

The following commitments for 2011 through 2015 and thereafter 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:

	\$
2011	1,064,580
2012	826,500
2013	531,500
2014	329,000
2015	70,000
Thereafter	<u>50,000</u>
	<u>2,871,580</u>

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

The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2010

Lease commitments

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

	\$
2011	64,000
2012	64,650
2013	64,650
2014	64,650
2015	64,650
2016	7,300
	<u>329,900</u>

7 Expenditures

	2010 \$	2009 \$
Scientific research expenditures		
Scientific research grants	1,332,105	1,397,483
Scientific research direct costs	123,778	85,814
	<u>1,455,883</u>	<u>1,483,297</u>
Programs		
Chapter development	288	5,664
Conferences	115,149	77,673
Newsletter	34,960	42,414
Public education and awareness	143,400	150,505
	<u>293,797</u>	<u>276,256</u>
Operating expenses		
Administration	603,404	455,135
Postage and delivery	33,232	24,987
Rent	109,951	104,651
Telephone	10,124	8,609
Travel	487	1,027
	<u>757,198</u>	<u>594,409</u>

8 Funds held in trust

The Foundation is holding \$27,045 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.

The Foundation Fighting Blindness

Notes to Financial Statements

December 31, 2010

9 Capital disclosures

In managing capital, the Foundation focuses on liquid resources available for operations. The Foundation's objective is to have sufficient liquid resources to continue operating and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at December 31, 2010, the Foundation believes it has met its objective of having sufficient liquid resources to meet its current obligations.

10 Comparative figures

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