

RESEARCH TO PREVENT BLINDNESS

**Combined Financial Statements
for year ended
December 31, 2019**

Independent Auditor's Report

To the Board of Trustees
Research to Prevent Blindness

We have audited the accompanying combined financial statements of Research to Prevent Blindness (the "Organization") which comprise the combined statement of financial position as of December 31, 2019 and the related combined statements of activities, cash flows and functional expenses for the year then ended and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined 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 combined financial statements referred to in the first paragraph of the previous page present fairly, in all material respects, the financial position of Research to Prevent Blindness at December 31, 2019 and the results of its combined activities, cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have previously audited the Organization's 2018 combined financial statements, and our report dated March 12, 2019, expressed an unmodified opinion on those combined financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent in all material respects, with the audited combined financial statements from which it has been derived.

Carlton O'Meara McElroy & Donnelly LLP

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Combined Statement of Financial Position

Assets

	December 31	
	2019	2018
Cash and cash equivalents	\$ 22,636,918	\$ 5,590,089
Investments, at fair value	274,241,975	201,355,219
Due from investment managers, net	-	52,753,362
Interest and other receivable	932,828	1,077,363
Contributions receivable, net	1,198,253	1,621,125
Prepaid expenses	65,488	68,373
Equipment and leasehold improvements, at cost, net		
Equipment, at cost (less accumulated depreciation of \$267,909 in 2019 and \$200,349 in 2018)	113,619	175,743
Leasehold improvements, at cost (less accumulated amortization of \$215,614 in 2019 and \$159,702 in 2018)	650,961	706,873
Total assets	<u>\$299,840,042</u>	<u>\$263,348,147</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 221,365	\$ 226,538
Due to investment managers – net	6,537,716	-
Grants payable, net	8,432,961	7,648,180
Deferred lease incentives	812,901	848,208
Total liabilities	<u>16,004,943</u>	<u>8,722,926</u>

Net assets

Without donor restrictions		
General operating	198,293,847	163,865,674
Designated	26,194,304	30,269,861
Total without donor restrictions	224,488,151	194,135,535
With donor restrictions	59,346,948	60,489,686
Total net assets	<u>283,835,099</u>	<u>254,625,221</u>
Total liabilities and net assets	<u>\$299,840,042</u>	<u>\$263,348,147</u>

See notes to combined financial statements.

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Combined Statement of Activities Year Ended December 31, 2019 (With Summarized Comparative Information for the Year Ended December 31, 2018)

	2019			2018		
	Without Donor Restrictions		With Donor Restrictions	Total		Total
	General Operating	Designated				
Public support and revenue						
Public support						
Contributions	\$ 819,511	\$ -	\$ 819,511	\$ 2,145,603	\$ 4,106,437	
Combined Federal Campaign	1,765	-	1,765	1,765	2,187	
Ophthalmological associate memberships	40,399	-	40,399	40,399	46,900	
Donated investments	316,368	-	316,368	641,373	13,332	
Total public support	1,178,043	-	1,178,043	1,967,465	4,168,856	
Revenue						
Interest and dividends, net	4,700,661	17,980	4,718,641	349,090	5,067,731	6,342,686
Net limited partnership income (loss)	1,056,724	-	1,056,724	-	1,056,724	(1,090,866)
Other	7,528	-	7,528	-	7,528	32,889
Total revenue	5,764,913	17,980	5,782,893	349,090	6,131,983	5,284,709
Net assets released from restrictions or designation						
Satisfaction of program restrictions or designations	6,589,275	(4,093,537)	2,495,738	(2,495,738)	-	-
Satisfaction of Matching Fund restrictions	1,000,000	-	1,000,000	(1,000,000)	-	-
Total net assets released from restrictions or designation	7,589,275	(4,093,537)	3,495,738	(3,495,738)	-	-
Total public support and revenue	14,532,231	(4,075,557)	10,456,674	(1,179,183)	9,277,491	9,453,565
Expenses						
Program services						
Research grants, net of refunded and canceled grants of \$421,948 in 2019 and \$160,142 in 2018	11,349,781	-	11,349,781	-	11,349,781	9,451,866
Direct research support	537,974	-	537,974	-	537,974	512,583
Program development to stimulate laboratory expansion and eye research activities	378,733	-	378,733	-	378,733	360,762
Scientific symposia, seminars and surveys	321,280	-	321,280	-	321,280	301,541
Public and professional information	745,704	-	745,704	-	745,704	727,352
Total program services	13,333,472	-	13,333,472	-	13,333,472	11,354,104
Supporting activities						
Management and general	815,582	-	815,582	-	815,582	601,897
Fund raising	68,939	-	68,939	-	68,939	67,575
Total supporting activities	884,521	-	884,521	-	884,521	669,472
Total expenses	14,217,993	-	14,217,993	-	14,217,993	12,023,576
(Deficiency) of revenue to cover expenses before net realized gain (loss) and change in unrealized appreciation of investments	314,238	(4,075,557)	(3,761,319)	(1,179,183)	(4,940,502)	(2,570,011)
Net realized gain (loss) and change in unrealized appreciation of investments	34,113,935	-	34,113,935	36,445	34,150,380	(20,645,821)
Increase (decrease) in net assets	34,428,173	(4,075,557)	30,352,616	(1,142,738)	29,209,878	(23,215,832)
Net assets, beginning of year	163,865,674	30,269,861	194,135,535	60,489,686	254,625,221	277,841,053
Net assets, end of year	\$ 198,293,847	\$ 26,194,304	\$ 224,488,151	\$ 59,346,948	\$ 283,835,099	\$ 254,625,221

See notes to combined financial statements.

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Combined Statement of Cash Flows

	Year Ended December 31	
	2019	2018
Cash flows from operating activities		
Cash received from contributions	\$ 2,424,698	\$ 2,992,894
Interest and dividends received	5,774,288	7,202,628
Miscellaneous receipts	7,528	32,889
Cash paid to employees and suppliers	(3,158,416)	(3,425,127)
Grants paid	(10,565,000)	(10,680,850)
Net cash (used in) operating activities	(5,516,902)	(3,877,566)
Cash flows from investing activities		
Purchase of equipment and leasehold improvements	(5,436)	(18,512)
Sales and maturities of investments	116,254,757	33,034,465
Purchase of investments	(93,685,590)	(40,245,081)
Net cash provided by (used in) investing activities	22,563,731	(7,229,128)
Net increase (decrease) in cash and cash equivalents	17,046,829	(11,106,694)
Cash and cash equivalents, beginning of year	5,590,089	16,696,783
Cash and cash equivalents, end of year	\$ 22,636,918	\$ 5,590,089

See notes to combined financial statements.

(With Summarized Comparative Information for the Year Ended December 31, 2018)

See notes to combined financial statements.

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Notes to Combined Financial Statements December 31, 2019

Note 1 – Nature of organization

Research to Prevent Blindness, Inc. (“RPB”) is a publicly supported charity formed in 1960 for the purpose of providing the organizational and financial resources necessary to support a comprehensive program of eye research.

In May 1988, Research to Prevent Blindness Endowment Fund, Inc. (“RPBEF”) was incorporated with its purpose being to support and benefit RPB and efficiently manage the assets of certain endowment funds. The officers of RPBEF are also officers of RPB.

RPBEF makes financial grants to institutions engaged in eye research.

Research to Prevent Blindness, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported charity described in Section 509(a)(1) of the Internal Revenue Code. Research to Prevent Blindness Endowment Fund, Inc. operates as a support organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported charity described in Section 509(a)(3) of the Internal Revenue Code.

Note 2 – Summary of significant accounting policies

Basis of presentation

The accompanying combined financial statements include the accounts of RPB and its support organization, RPBEF. The effects of all transactions between RPB and RPBEF have been eliminated upon combination.

Net assets

Net assets consist of revenue, expenses, investment return and other support that are classified based on the existence or absence of donor-imposed restrictions. The net assets of RPB and changes therein are classified and reported as follows:

Net assets without donor restrictions represent resources over which the Board of Trustees has full discretion with respect to use.

Net assets with donor restrictions consist of net assets that are temporarily and perpetually donor restricted.

Net assets with temporary donor restrictions represent expendable resources, which have been time or purpose restricted by the donor (see note 10). When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions.

Net assets with perpetual donor restrictions represent contributions and other gifts, which require that the corpus be maintained intact and that only the income be used as designated by the donor (see note 10).

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Notes to Combined Financial Statements (continued) December 31, 2019

Note 2 – Summary of significant accounting policies (continued)

Contributions

Bequests are recorded as revenue when a legally binding obligation is received and when a fair value can reasonably be determined.

Cash equivalents

RPB considers short-term investments with original maturities of 90 days or less to be cash equivalents. Included in cash equivalents are money market funds.

Fair values of financial instruments

RPB's financial instruments consist of cash, cash equivalents, investments and interest receivable. RPB estimates that the fair value of all financial instruments as of December 31, 2019 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying combined statement of financial position. The carrying amounts of cash, cash equivalents and interest receivable reported in the combined statement of financial position approximate fair value because of the short maturities of those instruments. The fair value of investment securities is based on quoted market prices for those investments. The value of the alternative investments, which is adjusted for unrealized appreciation (depreciation), is based upon the most recent available information provided by management of the fund and may differ from the value that would have been used had a ready market for the alternative investments existed.

Equipment and leasehold improvements

RBP's policy is to capitalize equipment items and leasehold improvements over \$1,000 with a useful life of more than one year. Depreciation of equipment is calculated on a straight-line basis over the estimated useful lives of between three and five years. Leasehold improvements are amortized over the term of the lease or the estimated useful life, whichever is shorter.

Grants payable

RPB records grants when the Board of Trustees approves them and the grantee is notified. Long-term grants are discounted to their present value using a rate of 5% to reflect the time value of money. Amortization of the discount to par value is reported as grant expense.

Functional allocation of expenses

Salaries are generally allocated to the various program services and supporting activities based on the amount of time spent by specific individuals on each activity. Fringe benefits and other employee costs are allocated on an overall basis, corresponding activity generally to the allocation of salary expenses. All other expenses can generally be identified with the program service or supporting activity to which they relate.

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Notes to Combined Financial Statements (continued) December 31, 2019

Note 2 – Summary of significant accounting policies (continued)

Use of estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements. Actual results could differ from these estimates.

Concentrations of credit risk

RPB's combined financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. RPB places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, RPB's balances in its bank accounts were in excess of the FDIC insurance limit. RPB has not experienced any losses in such accounts to date. RPB's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit risks. Due to the level of uncertainty related to these risks, it is reasonably possible that changes in these risks could affect the fair value of the investments reported in the combined statement of financial position at December 31, 2019. RPB routinely assesses the financial strength of its cash, cash equivalents and investment portfolio and monitors the collectability of its receivables. As a consequence, concentrations of credit risk are believed to be limited.

Comparative financial information

The combined financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with RPB's combined financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Subsequent events

RPB has evaluated events and transactions for potential recognition or disclosure through March 18, 2020, which is the date the combined financial statements were available to be issued.

Note 3 – Liquidity and availability of financial assets

RPB regularly monitors the availability of resources required to meet its operating needs and other commitments while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, RPB considers all expenditures related to its ongoing grant-making activities to be general expenditures.

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Notes to Combined Financial Statements (continued) December 31, 2019

Note 3 – Liquidity and availability of financial assets (continued)

The following reflects RPB's financial assets as of December 31, 2019 and December 31, 2018, reduced by amounts not available for general use within one year of the combine statement of financial position date because of contractual or donor-imposed restrictions:

	<u>2019</u>	<u>2018</u>
Financial assets		
Cash and cash equivalents	\$ 22,636,918	\$ 5,590,089
Investments, at fair value	274,241,275	201,355,219
Due from investment managers, net	-	52,753,362
Interest and other receivables	932,828	1,077,363
Contributions receivable, net	<u>1,198,253</u>	<u>1,621,125</u>
Sub-total	299,009,274	262,397,158
Less: Net assets with donor restrictions		
not expected to be met in 2020	(59,109,188)	(60,474,686)
Board designated net assets	<u>(26,194,304)</u>	<u>(30,269,861)</u>
Total	<u>\$ 213,705,782</u>	<u>\$ 171,652,611</u>

Note 4 – Investments, at fair value

Due to/from investment managers – net

The amount due to investment managers as of December 31, 2019 was \$6,537,716 which consisted of \$6,541,356 due to an investment manager less \$3,640 due from an investment manager. The amount due to the investment manager was paid in January 2020. The amount due from investment managers as of December 31, 2018 was \$52,753,362 which consisted of \$53,755,968 due from an investment manager less \$1,002,606 due to an investment manager. The amount due from the investment manager was received in January 2019 and subsequently invested with another investment manager.

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Observable inputs other than level 1 prices such as quoted prices of similar assets; quoted prices in markets with insufficient volume or infrequent transactions (less than active markets).
- Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets.

The fair value of the RPB's investments in hedge funds, global equity fund, global absolute return fund, MSCI EAFE Fund and S&P 500 fund, are determined using the net asset value (NAV) per share and are not included into the fair value hierarchy.

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Notes to Combined Financial Statements (continued)
December 31, 2019

Note 4 – Investments, at fair value (continued)

Accounting standards require the presentation of the carrying amount of investments measured using the NAV practical expedient as a reconciling item between the total amount of investments categorized within the fair value hierarchy and the total investments measured at fair value on the face of the combined financial statements.

The following is a summary of investments measured at fair value at December 31, 2019 and December 31, 2018:

	2019			
	Total	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	\$ 25,986	\$ 25,986	\$ -	\$ -
Mutual funds				
Equity				
Global equity	19,921,418	19,921,418	-	-
Emerging markets	8,226,290	8,226,290	-	-
Small cap	4,453,825	4,453,825	-	-
International index	2,660,903	2,660,903	-	-
Bond				
Corporate bond funds	50,207,659	50,207,659	-	-
Total mutual funds	85,470,095	85,470,095	-	-
Exchange-traded funds				
Global equity	20,507,045	20,507,045	-	-
S&P 500	3,264,081	3,264,081	-	-
Equities	259,851	259,851	-	-
Fixed income	30,460	30,460	-	-
Total exchange-traded funds	24,061,437	24,061,437	-	-
Alternative investments				
Master limited partnership	20,978,220	-	-	20,978,220
Total investments measured in the fair value hierarchy	130,535,738	\$ 109,557,518	\$ -	\$ 20,978,220
Investments measured at net asset value				
Hedge funds	62,531,986			
Limited partnership				
Global absolute return fund	29,794,398			
Limited liability companies				
MSCI EAFE fund	25,723,573			
S&P 500 fund	25,656,280			
Total investments at fair value	\$ 274,241,975			

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Notes to Combined Financial Statements (continued)
December 31, 2019Note 4 – Investments, at fair value (continued)

	2018			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Equity				
Global equity	\$ 15,106,563	\$ 15,106,563	\$ -	\$ -
Emerging markets	6,495,413	6,495,413	-	-
Small cap	2,366,897	2,366,897	-	-
International index	2,251,486	2,251,486	-	-
Bond			-	-
Corporate bond funds	50,296,477	50,296,477	-	-
Enhanced yield	17,975,768	17,975,768	-	-
Total mutual funds	<u>94,492,604</u>	<u>94,492,604</u>	<u>-</u>	<u>-</u>
Exchange-traded funds				
Global equity	17,653,572	17,653,572	-	-
S&P 500	<u>2,626,808</u>	<u>2,626,808</u>	<u>-</u>	<u>-</u>
Total exchange-traded funds	<u>20,280,380</u>	<u>20,280,380</u>	<u>-</u>	<u>-</u>
Alternative investments				
Master limited partnership	<u>18,749,980</u>	<u>-</u>	<u>-</u>	<u>18,749,980</u>
Total investments measured in the fair value hierarchy	133,522,964	<u>\$114,772,984</u>	<u>\$ -</u>	<u>\$ 18,749,980</u>
Investments measured at net asset value				
Hedge fund	27,146,010			
Limited liability companies				
MSCI EAFE fund	19,376,264			
S&P 500 fund	<u>21,309,981</u>			
Total investments at fair value	<u>\$201,355,219</u>			

RPB uses the net asset value (NAV), or its equivalent, to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

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Notes to Combined Financial Statements (continued) December 31, 2019

Note 4 – Investments, at fair value (continued)

The table below lists the restrictions on withdrawals and the redemption terms of RPB's investments:

<u>Type/Fund</u>	<u>Investment Strategy</u>	<u>Redemptions Terms</u>
Hedge Funds - 2	Risk-adjusted returns invested in equity, fixed income and commodities	Within 30 days of redemption date
	Absolute returns through long and short positions	First business day of each calendar week
Limited Liability Companies - 2	Borrowing and lending securities	1 day
	Publicly traded equity securities	1 day
Master Limited Partnership - 1	Securities and other tangible investment instruments	Within 30 business days from the redemption date
Limited Partnership - 1	Long and short positions with a focus on sovereign debt and currencies	Within 30 days from the redemption date

None of the above funds have any unfunded commitments.

Note 5 – Contributions receivable, net

As of December 31, 2019 and December 31, 2018, contributions receivable are due as follows:

	<u>2019</u>	<u>2018</u>
Due within one year	\$ 960,493	\$ 965,870
Due in one to five years	<u>300,000</u>	<u>752,645</u>
Sub-total	1,260,493	1,718,515
Less: discount to present value	<u>(62,240)</u>	<u>(97,390)</u>
Net contributions receivable	<u>\$ 1,198,253</u>	<u>\$ 1,621,125</u>

Note 6 – Grants payable, net

As of December 31, 2019, grants payable are due as follows:

<u>Year</u>	
2020	\$ 5,140,000
2021	2,550,000
2022	1,050,000
2023	<u>300,000</u>
Sub-Total	9,040,000
Less: discount to present value	<u>(607,039)</u>
Net grants payable	<u>\$ 8,432,961</u>

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Notes to Combined Financial Statements (continued) December 31, 2019

Note 7 – Lease commitment

In August 2015, RPB signed a lease for new office space at 360 Lexington Avenue, New York, New York which expires on August 31, 2031. In connection with the lease agreement, RPB provided the landlord an irrevocable letter of credit of \$102,069 as security for the lease agreement.

In connection with the lease agreement, RPB received eight months of free rent. RPB amortizes rent expense each year equally over the term of the lease. The difference between rent expense recorded in this manner and the actual cash paid per the lease agreement is included in the deferred lease incentives. In addition, the landlord incurred build-out costs on behalf of RPB totaling \$745,048 which is included in deferred lease incentives and is being amortized over the life of the lease. Total rent expense amounted to \$286,724 and \$283,345 in 2019 and 2018, respectively.

Future obligations under these leases, excluding escalation charges, are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 309,208
2021	316,043
2022	336,548
2023	336,548
2024	336,548
2025 and thereafter	<u>2,378,075</u>
Total	<u>\$ 4,012,970</u>

Note 8 – Retirement plan

RPB has a defined contribution retirement plan covering all of its employees. Employees are vested on an incremental scale during their first six years of employment; thereafter, they are 100% vested. The plan expense for the years ended December 31, 2019 and December 31, 2018 totaled \$206,069 and \$202,108, respectively.

Note 9 – Stein Innovation Awards, Special RPB Jules and Doris Stein Professorship Grants, RPB Career Development Awards and the David F. Weeks Award

During 1986, the Board of Trustees of RPB designated funds from net assets without donor restrictions of \$11,500,000 to assure adequate financial support for the Jules and Doris Stein RPB Professorship Grants. During 1995, the Board designated an additional \$30,000,000 for this purpose. In addition, during 2005, the Board designated an additional \$4,971,303 for this purpose. The grants of \$625,000 each cover a period of five years with the opportunity to apply for an additional 2-year grant for \$250,000. Payments are not subject to annual renewal by the Board. Professorship grants totaling \$250,000 were awarded in 2018. During 2019, the Board of Trustees approved to undesignate the remaining funds of the Jules and Doris Stein Professorship Grants fund and transfer them into a new Stein Innovation Award Fund. The Stein Innovation Awards provide grants of \$300,000 over 3 years for senior scientists to start a new and innovative line of vision research. Stein Innovation Awards totaling \$1,800,000 were awarded in 2019. Grants of \$292,857 were cancelled/refunded in 2019. The balance of such designated funds amounted to \$22,645,245 at December 31, 2019.

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Notes to Combined Financial Statements (continued) December 31, 2019

Note 9 – Stein Innovation Awards, Special RPB Jules and Doris Stein Professorship Grants, RPB Career Development Awards and the David F. Weeks Award (continued)

During 1990, the Board of Trustees of RPBEF designated funds from net assets without donor restrictions of \$10,000,000 to assure adequate financial support for the RPB career development awards. During 2005, the Board designated an additional \$24,458,917 for this purpose. The grants of \$250,000 each cover a period of four years and were developed to attract young physicians and basic scientists into investigative careers in eye research. Career development awards totaled \$2,700,000 and \$1,800,000 in 2019 and 2018, respectively. Grants of \$53,990 were refunded in 2018. The balance of such designated funds amounted to \$2,951,595 at December 31, 2019.

In 2016, an anonymous donor contributed \$500,000 to RPB as a restricted gift in partial support of an award honoring RPB Chair Emeritus David F. Weeks. During 2017, an additional \$125,655 was contributed to this fund which was also matched by RPB. The following conditions were applied to the Award:

- The \$500,000 gift was matched by \$500,000 from RPB with the total \$1,000,000 held in restriction and invested in a Vanguard S&P 500 ETF. RPB's contribution is held as a Board designated fund.
- From this account an annual award of \$40,000 would be granted from RPB to the Association of University Programs in Ophthalmology (AUPO) to be given as an unrestricted prize to a researcher chosen by a special AUPO committee. The award will be given annually for at least 20 years and only U.S. researchers are eligible.

See note 11 for the activity of these funds during 2019 and 2018.

Note 10 – Jules and Doris Stein Matching Fund

During 1984, the Jules and Doris Stein Foundation contributed \$10,756,710 to RPB to establish the Jules and Doris Stein Matching Fund (the "Fund"). This Fund, which commenced in the beginning of 1985, enables RPB to continue Dr. and Mrs. Stein's traditional year-end offers to match up to \$1,000,000 in contributions from others. The principal from the Fund may be used for matching only to the extent that there is insufficient investment return. Investment return earned in excess of the matching requirements is added to the Fund balance.

The Fund had net investment return of \$86,760 (interest, dividends, capital gains and losses) for the year ended December 31, 2019, and a net investment return of \$156,026 for the year ended December 31, 2018. In accordance with the terms of the Fund, \$1,000,000 was released in both 2019 and 2018 for the general programs and activities of RPB to match contributions received during these years.

The principal of the Fund was decreased by \$913,240 and \$843,974 for the years ended December 31, 2019 and December 31, 2018, respectively.

RESEARCH TO PREVENT BLINDNESS**Notes to Combined Financial Statements (continued)
December 31, 2019****Note 11 – Net assets with donor restrictions****Endowments**

RPB classifies as net assets with perpetual donor restrictions the original value of gifts donated to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified as net assets with perpetual donor restrictions is classified as being without donor restrictions and with temporary donor restrictions based on donor stipulations.

RPB's long-term assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of RPB, the Board of Trustees takes into account a number of factors including the financial needs and circumstances of RPB, the time horizon available for investment, the nature of RPB's cash flows and liabilities, and other factors that affect their risk tolerance.

RPB has a policy of spending the investment return generated from its perpetually donor restricted funds, which is allowable under the donor guidelines. At December 31st, any unspent donor-restricted investment return is added to the balance with temporary donor restrictions of the appropriate fund. This is consistent with RPB's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional growth through investment return and new gifts.

Net assets with perpetual donor restrictions

These net assets represent contributions and bequests made into the following funds and are restricted to investment in perpetuity. Investment return from these funds is available for unrestricted use except with respect to the William & Mary Greve Memorial Fund, the Dolly Green Endowment Fund, the two Sybil B. Harrington Funds and the John D. and Patricia Sakona Endowment Fund, David B. Sykes Endowment Fund and The Ernest E. and Elizabeth P. Althouse Memorial Fund where investment return is classified as being with temporary donor restrictions.

RESEARCH TO PREVENT BLINDNESS

Notes to Combined Financial Statements (continued) December 31, 2019

Note 11 – Net assets with donor restrictions (continued)

Net assets with perpetual donor restrictions (continued)

Activity of the net assets with perpetual donor restrictions for the year ended December 31, 2019 is as follows:

	Balance at December 31, <u>2018</u>	<u>Contributions</u>	<u>Investment Return</u>	Balance at December 31, <u>2019</u>
Jules & Doris Stein Endowment Fund	\$ 45,087,782	\$ -	\$ -	\$ 45,087,782
Lew R. & Edie Wasserman Fund	1,407,412	-	-	1,407,412
Sybil B. Harrington Macular Degeneration Fund	1,500,000	-	-	1,500,000
Sybil B. Harrington Eye Disease Fund	1,500,000	-	-	1,500,000
William & Mary Greve Memorial Fund	519,943	-	-	519,943
Dolly Green Fund	500,000	-	-	500,000
Desiree L. Franklin Endowment Fund	138,700	-	-	138,700
Eugene G. Blackford Memorial Fund	28,000	-	-	28,000
John D. and Patricia Sakona Endowment Fund	75,453	-	-	75,453
David B. Sykes Endowment Fund	273,873	-	9,011	282,884
The Ernest E. and Elizabeth P. Althouse Memorial Fund	2,193,667	-	-	2,193,667
William Malloy, Jr. Endowment Fund	<u>212,587</u>	<u>7,033</u>	<u>-</u>	<u>219,620</u>
Total net assets with perpetual donor restrictions	<u>\$ 53,437,417</u>	<u>\$ 7,033</u>	<u>\$ 9,011</u>	<u>\$ 53,453,461</u>

RESEARCH TO PREVENT BLINDNESS

Notes to Combined Financial Statements (continued)
December 31, 2019Note 11 – Net assets with donor restrictions (continued)Net assets with temporary donor restrictions

Activity of the net assets with temporary donor restrictions for the year ended December 31, 2019 is as follows:

	Balance at December 31, 2018	Contributions	Net Assets Released from Restrictions	Investment Return (Includes Realized Gain)	Balance at December 31, 2019
Jules & Doris Stein Matching Fund	\$ 2,477,067	\$ -	\$ (1,000,000)	\$ 86,760	\$ 1,563,827
Sybil B. Harrington Fund	835	-	-	27	862
Income available from the Sybil B. Harrington Macular Degeneration Fund	136,628	-	(55,000)	52,767	134,395
Income available from the Sybil B. Harrington Eye Disease Fund	214,316	-	(60,000)	54,349	208,665
Income available from the William & Mary Greve Memorial Fund	559,434	-	(60,000)	33,657	533,091
Income available from the Dolly Green Fund	27,897	-	(25,000)	16,521	19,418
Walt & Lilly Disney Foundation	213,454	100,000	(200,000)	5,345	118,799
John D. & Patricia Sakona Fund	9,400	-	-	2,717	12,117
David B. Sykes Endowment Fund	8,501	-	-	-	8,501
The Ernest E. and Elizabeth P. Althouse Memorial Fund	315,943	-	(75,000)	79,760	320,703
Lion's Club Int'l.	278,911	-	(150,000)	-	128,911
David F. Weeks Awards	599,485	-	(20,000)	17,980	597,465
Free Family Foundation	571,882	14,059	(450,000)	-	135,941
Income available from the William Malloy Jr. Fund	13,629	-	-	7,293	20,922
Bridget Beatrice Tiedman Trust	114,797	-	(114,797)	-	-
International Retinal Research Foundation	624,149	-	(185,941)	-	438,208
Ann Savina Baur Revocable Trust	600,000	-	-	19,348	619,348
American Macular Degeneration Foundation	285,941	-	(100,000)	-	185,941
Myra White Estate	-	500,000	(500,000)	-	-
PM Chang Family Charitable Trust	-	100,000	-	-	100,000
The Allergan Foundation	-	105,000	-	-	105,000
Thomas Wertheimer	-	641,373	-	-	641,373
Drue and H.J. Heinz II Charitable Trust	-	500,000	(500,000)	-	-
Total net assets with temporary donor restrictions	<u>7,052,269</u>	<u>1,960,432</u>	<u>(3,495,738)</u>	<u>376,524</u>	<u>5,893,487</u>
Total net assets with donor restrictions	<u>\$ 60,489,686</u>	<u>\$ 1,967,465</u>	<u>\$ (3,495,738)</u>	<u>\$ 385,535</u>	<u>\$ 59,346,948</u>

RESEARCH TO PREVENT BLINDNESS

Notes to Combined Financial Statements (continued) December 31, 2019

Note 12 – Board designated net assets

Designated funds

The Board of Trustees of RPB designated funds from net assets without donor restrictions to assure adequate financial support for the Stein Innovation Award (formerly Jules and Doris Stein Professorship Grants), the RPB Career Development Awards and the David F. Weeks Awards (see note 8). The grants awarded below include the change in the discount during 2019 and 2018. Designated fund activity for the years ended December 31, 2019 and December 31, 2018 is as follows:

	December 31	
	2019	2018
Stein Innovation Award		
Balance, beginning of year	\$ -	\$ -
Transfer	24,152,388	-
Grants awarded	(1,800,000)	-
Grants cancelled/refunded	292,857	-
Balance, end of year	<u>22,645,245</u>	<u>-</u>
Jules and Doris Stein Professorship Grants		
Balance, beginning of year	24,152,388	24,418,598
Transfer	(24,152,388)	-
Grants awarded	-	(266,210)
Balance, end of year	<u>-</u>	<u>24,152,388</u>
Career Development Awards		
Balance, beginning of year	5,517,989	7,290,422
Grants awarded	(2,620,384)	(1,772,433)
Grants refunded	53,990	-
Balance, end of year	<u>2,951,595</u>	<u>5,517,989</u>
David F. Weeks Awards		
Balance, beginning of year	599,484	604,480
Investment return	17,980	15,004
Grants awarded	(20,000)	(20,000)
Balance, end of year	<u>597,464</u>	<u>599,484</u>
Total designated funds, at year-end	<u>\$ 26,194,304</u>	<u>\$ 30,269,861</u>

David F. Weeks Awards

The following is a summary of the David F. Weeks Awards fund balances as of December 31, 2019:

Without donor restrictions – designated	\$ 597,464
With temporary donor restrictions	597,465
Total	<u>\$ 1,194,929</u>