RESEARCH TO PREVENT BLINDNESS

Combined Financial Statements
for year ended
December 31, 2018

CONDON
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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, 2018 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, 2018 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 2017 combined financial statements, and our report dated March 14, 2018, 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, 2017, is consistent in all material respects, with the audited combined financial statements from which it has been derived.

Condon O'Meara McGinty & Donnelly LLP

March 12, 2019

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Combined Statement of Financial Position

Assets

	December 31 2018	December 31 2017
Cash and cash equivalents	$ 5,590,089	$ 16,696,783
Investments, at fair value	201,355,219	269,510,696
Due from investment managers, net	52,753,362	-
Interest and other receivable	1,077,363	962,790
Contributions receivable, net	1,621,125	458,495
Prepaid expenses	68,373	63,319
Equipment and leasehold improvements, at cost		
Equipment, at cost (less accumulated depreciation of $200,349 in 2018 and $134,689 in 2017)	175,743	222,892
Leasehold improvements, at cost (less accumulated amortization of $159,702 in 2018 and $103,789 in 2017)	706,873	762,785
Total assets	**$263,348,147**	**$288,677,760**

Liabilities and Net Assets

	2018	2017
Liabilities		
Accounts payable and accrued expenses	$ 226,538	$ 186,652
Due to investment managers – net	-	889,376
Grants payable	7,648,180	8,877,164
Deferred lease incentives	848,208	883,515
Total liabilities	8,722,926	10,836,707
Net assets		
Without donor restrictions		
General operating	163,865,674	185,875,885
Designated	30,269,861	32,313,500
Total without donor restrictions	194,135,535	218,189,385
With donor restrictions	60,489,686	59,651,668
Total net assets	254,625,221	277,841,053
Total liabilities and net assets	**$263,348,147**	**$288,677,760**

See notes to combined financial statements.

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Combined Statement of Activities
Year Ended December 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

	2018					2017
	Without Donor Restrictions					
	General Operating	Designated	Total	With Donor Restrictions	Total	Total
Public support and revenue						
Public support						
Contributions	$ 1,688,034	$ -	$ 1,688,034	$ 2,418,403	$ 4,106,437	$ 1,274,364
Combined Federal Campaign	2,187	-	2,187	-	2,187	2,215
Ophthalmological associate memberships	46,900	-	46,900	-	46,900	54,950
Donated investments	13,332	-	13,332	-	13,332	12,182
Total public support	1,750,453	-	1,750,453	2,418,403	4,168,856	1,343,711
Revenue						
Interest and dividends, net	5,959,034	15,004	5,974,038	368,648	6,342,686	6,487,466
Net limited partnership (loss)	(1,090,866)	-	(1,090,866)	-	(1,090,866)	(27,358)
Other	32,889	-	32,889	-	32,889	1,002
Total revenue	4,901,057	15,004	4,916,061	368,648	5,284,709	6,461,110
Net assets released from restrictions or designation						
Satisfaction of program restrictions or designations	3,071,819	(2,058,643)	1,013,176	(1,013,176)	-	-
Satisfaction of Matching Fund restrictions	1,000,000	-	1,000,000	(1,000,000)	-	-
Total net assets released from restrictions or designation	4,071,819	(2,058,643)	2,013,176	(2,013,176)	-	-
Total public support and revenue	10,723,329	(2,043,639)	8,679,690	773,875	9,453,565	7,804,821
Expenses						
Program services						
Research grants, net of refunded and canceled grants of $160,142 in 2018 and $59,466 in 2017	9,451,866	-	9,451,866	-	9,451,866	10,910,880
Direct research support	512,583	-	512,583	-	512,583	528,208
Program development to stimulate laboratory expansion and eye research activities	360,762	-	360,762	-	360,762	368,993
Scientific symposia, seminars and surveys	301,541	-	301,541	-	301,541	300,956
Public and professional information	727,352	-	727,352	-	727,352	729,552
Total program services	11,354,104	-	11,354,104	-	11,354,104	12,838,589
Supporting activities						
Management and general	601,897	-	601,897	-	601,897	639,185
Fund raising	67,575	-	67,575	-	67,575	74,828
Total supporting activities	669,472	-	669,472	-	669,472	714,013
Total expenses	12,023,576	-	12,023,576	-	12,023,576	13,552,602
Excess (deficiency) of revenue over expenses before net realized gain (loss) and change in unrealized appreciation of investments	(1,300,247)	(2,043,639)	(3,343,886)	773,875	(2,570,011)	(5,747,781)
Net realized gain (loss) and change in unrealized appreciation of investments	(20,709,964)	-	(20,709,964)	64,143	(20,645,821)	27,990,450
Increase (decrease) in net assets	**(22,010,211)**	**(2,043,639)**	**(24,053,850)**	**838,018**	**(23,215,832)**	**22,242,669**
Net assets, beginning of year	**185,875,885**	**32,313,500**	**218,189,385**	**59,651,668**	**277,841,053**	**255,598,384**
Net assets, end of year	**$ 163,865,674**	**$ 30,269,861**	**$ 194,135,535**	**$ 60,489,686**	**$ 254,625,221**	**$ 277,841,053**

See notes to combined financial statements.

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Combined Statement of Cash Flows

	Year Ended December 31 2018	Year Ended December 31 2017
Cash flows from operating activities		
Cash received from contributions	$ 2,992,894	$ 1,391,581
Interest and dividends received	7,202,628	6,618,499
Miscellaneous receipts	32,889	1,002
Cash paid to employees and suppliers	(3,425,127)	(3,252,971)
Grants paid	(10,680,850)	(9,947,535)
Net cash (used in) operating activities	(3,877,566)	(5,189,424)
Cash flows from investing activities		
Purchase of equipment and leasehold improvements	(18,512)	(3,978)
Sales and maturities of investments	33,034,465	183,224,372
Purchase of investments	(40,245,081)	(166,460,749)
Net cash provided by (used in) investing activities	(7,229,128)	16,759,645
Net increase (decrease) in cash and cash equivalents	**(11,106,694)**	**11,570,221**
Cash and cash equivalents, beginning of year	**16,696,783**	**5,126,562**
Cash and cash equivalents, end of year	**$ 5,590,089**	**$ 16,696,783**

See notes to combined financial statements.

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Combined Statement of Functional Expenses
Year Ended December 31, 2018
(With Summarized Comparative Information for the Year Ended December 31, 2017)

	2018								2017
	Program Services					Supporting Activities			
	Research Grants and Direct Research Support	Program Development	Scientific Symposia, Seminars and Surveys	Public and Professional Information	Total Program Services	Management and General	Fund Raising	Total	Total
Grants	$ 9,451,866	$ -	$ -	$ -	$ 9,451,866	$ -	$ -	$ 9,451,866	$ 10,910,880
Salaries, pension and benefits	224,126	196,110	168,095	504,284	1,092,615	266,152	42,025	1,400,792	1,394,955
Professional fees and services	38,105	27,173	11,054	27,506	103,838	225,552	3,721	333,111	413,007
Conferences, seminars, meetings and travel	97,748	30,932	52,382	4,916	185,978	2,200	-	188,178	188,117
Telecommunications	1,993	2,740	4,981	13,698	23,412	1,245	249	24,906	27,728
Printing, stationery, postage and shipping	621	4,182	3,191	31,026	39,020	777	5,450	45,247	38,586
Office supplies, maintenance and occupancy	101,829	67,210	42,160	95,283	306,482	41,033	10,747	358,262	340,694
Dues, subscriptions, insurance and miscellaneous	9,257	8,100	7,521	20,246	45,124	52,781	1,736	99,641	118,641
Depreciation and amortization	38,904	24,315	12,157	30,393	105,769	12,157	3,647	121,573	119,994
Total expenses – 2018	$ 9,964,449	$ 360,762	$ 301,541	$ 727,352	$ 11,354,104	$ 601,897	$ 67,575	$ 12,023,576	$ 13,552,602
Total expenses – 2017	$ 11,439,088	$ 368,993	$ 300,956	$ 729,552	$ 12,838,589	$ 639,185	$ 74,828		

See notes to combined financial statements.

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Notes to Combined Financial Statements
December 31, 2018

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 permanently restricted.

Temporarily restricted net assets 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions.

Permanently restricted net assets 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, 2018

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.

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.

Cash equivalents

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

Fair values of financial instruments

RPB's financial instruments consist of cash, investments and interest receivable. RPB estimates that the fair value of all financial instruments as of December 31, 2018 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 and interest receivable reported in the combined statement of financial position approximate fair values 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

It is RBP's policy to capitalize equipment items and leasehold improvements over $1,000 and a useful life of more than one year. Depreciation of equipment is calculated on a straight-line basis over the estimated asset 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.

Functional allocation of expenses

Salaries are generally allocated to the various program services based on the amount of time spent by specific individuals on each program. Fringe benefits and other employee costs are allocated on an overall basis, corresponding 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, 2018

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, 2018. RPB routinely assesses the financial strength of its cash and investment portfolio and monitors the collectability of its receivables. As a consequence, concentrations of credit risk are 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, 2017, from which the summarized information was derived.

Recent accounting pronouncement

Not-for-Profit Financial Statement Presentation

During 2018, RPB adopted Accounting Standards Update ("ASU") No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows.

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Notes to Combined Financial Statements (continued)
December 31, 2018

Note 2 – Summary of significant accounting policies (continued)

Recent accounting pronouncement (continued)

Not-for-Profit Financial Statement Presentation (continued)

The following is a summary of the net asset reclassifications as required by the adoption of the ASU as of December 31, 2016:

Net Asset Classifications	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
As previously presented			
Unrestricted	$195,398,536	$ -	$195,398,536
Temporarily restricted	-	6,792,071	6,792,071
Permanently restricted	-	53,407,777	53,407,777
Net assets, as reclassified December 31, 2016	$195,398,536	$ 60,199,848	$255,598,384

Subsequent events

RPB has evaluated events and transactions for potential recognition or disclosure through March 12, 2019, 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.

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

Financial assets	
Cash and cash equivalents	$ 5,590,089
Investments, at fair value	201,355,219
Due from investment managers, net	52,753,362
Interest and other receivables	1,077,363
Contributions receivable, net	1,621,125
Total financial assets	262,397,158
Less: Net assets with donor restrictions reduced by unconditional promises to give without program restrictions expected to be collected in 2019	(60,474,686)
Board designated net assets	(30,269,861)
Total financial assets available within one year	$ 171,652,611

Financial assets that are not available include the RPB's investments in a master limited partnership due to the restriction on withdrawal of such assets.

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Notes to Combined Financial Statements (continued)
December 31, 2018

Note 4 – Investments

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 a hedge fund, global equity 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.

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.

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Notes to Combined Financial Statements (continued)
December 31, 2018

Note 4 – Investments (continued)

The following is a summary of investments measured at fair value on a recurring basis at December 31, 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	94,492,604	94,492,604	-	-
Exchange-traded funds				
Global equity	17,653,572	17,653,572	-	-
S&P 500	2,626,808	2,626,808	-	-
Total exchange-traded funds	20,280,380	20,280,380	-	-
Alternative investments				
Master limited partnership	18,749,980	-	-	18,749,980
Total investments measured in the fair value hierarchy	133,522,964	$114,772,984	$ -	$ 18,749,980
Investments measured at net asset value				
Hedge fund	27,146,010			
Limited liability companies				
MSCI EAFE fund	19,376,264			
S&P 500 fund	21,309,981			
Total investments at fair value	$201,355,219			

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Notes to Combined Financial Statements (continued)
December 31, 2018

Note 4 – Investments (continued)

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.

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

Type/Fund	Investment Strategy	Redemptions Terms	Redemption Restrictions
Hedge Fund - 1	Risk-adjusted returns invested in equity, fixed income and commodities	Within 30 days of redemption date	Redemption date restricted to last business day of each month
Limited Liability Companies - 2	Borrowing and lending securities	1 day	N/A
	Publicly traded equity securities	1 day	N/A
Master Limited Partnership - 1	Securities and other tangible investment instruments	Within 30 business days from the redemption date	N/A

None of the above funds have any unfunded commitments.

The following is a summary of the changes in the fair market value of RPB's Level 3 investments for the year ended December 31, 2018:

	Absolute Return	Master Limited Partnership	Total
Balance, January 1, 2018	$ 10,997,801	$ 12,675,217	$ 23,673,018
Net gain (loss) (realized and unrealized)	291,377	(880,753)	(589,376)
Net investment (loss)	-	(1,044,484)	(1,044,484)
Net transfers in (out)	(11,289,178)	8,000,000	(3,289,178)
Balance, December 31, 2018	$ -	$ 18,749,980	$ 18,749,980

Note 5 – Contributions receivable

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

Due within one year	$ 965,870
Due in subsequent years	752,645
Total	1,718,515
Less: discount to present value	(97,390)
Net contributions receivable	$1,621,125

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Notes to Combined Financial Statements (continued)
December 31, 2018

Note 6 – 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 $283,345 and $287,377 in 2018 and 2017, respectively.

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

Year	Amount
2019	$ 309,208
2020	309,208
2021	316,043
2022	336,548
2023	336,548
2024 and thereafter	2,714,623
Total	$ 4,322,178

Note 7 – Retirement plan

RPB has a defined contribution retirement plan covering all of its employees. Employees are partially 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, 2018 and December 31, 2017 totaled $202,108 and $171,334, respectively.

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Notes to Combined Financial Statements (continued)
December 31, 2018

Note 8 – 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 and 2017. The balance of such designated funds amounted to $24,152,388 at December 31, 2018.

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 $1,800,000 in 2018 and 2017, respectively. Grants of $5,282 were refunded in 2017. The balance of such designated funds amounted to $5,517,989 at December 31, 2018.

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 without donor restrictions.

- 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.

Note 9 – 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.

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Notes to Combined Financial Statements (continued)
December 31, 2018

Note 9 – Jules and Doris Stein Matching Fund (continued)

The Fund had net investment return of $156,026 (interest, dividends, capital gains and losses) for the year ended December 31, 2018, and a net investment return of $368,957 for the year ended December 31, 2017. In accordance with the terms of the Fund, $1,000,000 was released in both 2018 and 2017 for the general programs and activities of RPB to match contributions received during these years.

The principal of the Fund was decreased by $843,974 and $631,043 for the years ended December 31, 2018 and December 31, 2017, respectively.

Note 10 – Net assets with donor restrictions

Endowments

RPB classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as without donor restrictions and temporarily restricted 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 permanently restricted funds, which is allowable under the donor guidelines. At December 31st, any unspent donor-restricted investment return is added to the temporarily restricted balance 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.

Permanently restricted net assets

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 temporarily restricted.

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Notes to Combined Financial Statements (continued)
December 31, 2018

Note 10 – Net assets with donor restrictions (continued)

Permanently restricted net assets (continued)

Permanently restricted net assets activity for the year ended December 31, 2018 is as follows:

	Balance at December 31, 2017	Contributions to Fund	Investment Return	Balance at December 31, 2018
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	265,227	-	8,646	273,873
The Ernest E. and Elizabeth P. Althouse Memorial Fund	2,193,667	-	-	2,193,667
William Malloy, Jr. Endowment Fund	205,996	6,591	-	212,587
Total permanently restricted net assets	$53,422,180	$ 6,591	$ 8,646	$53,437,417

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Notes to Combined Financial Statements (continued)
December 31, 2018

Note 10 – Net assets with donor restrictions (continued)

Temporarily restricted net assets

Temporarily restricted net assets activity for the year ended December 31, 2018 is as follows:

	Balance at December 31, 2017	Contributions to Fund	Net Assets Released from Restrictions	Investment Return (Includes Realized Gain)	Balance at December 31, 2018
Jules & Doris Stein Matching Fund	$ 3,321,041	$ -	$ (1,000,000)	$ 156,026	$ 2,477,067
Sybil B. Harrington Fund	39,556	-	(40,000)	1,279	835
Income available from the Sybil B. Harrington Macular Degeneration Fund	110,623	-	(26,051)	52,056	136,628
Income available from the Sybil B. Harrington Eye Disease Fund	214,808	-	(55,000)	54,508	214,316
Income available from the William & Mary Greve Memorial Fund	584,709	-	(60,000)	34,725	559,434
Income available from the Dolly Green Fund	11,361	-	-	16,536	27,897
Walt & Lilly Disney Foundation	109,902	100,000	-	3,552	213,454
John D. & Patricia Sakona Fund	5,704	-	-	3,696	9,400
David B. Sykes Endowment Fund	8,501	-	-	-	8,501
The Ernest E. and Elizabeth P. Althouse Memorial Fund	311,232	-	(75,000)	79,711	315,943
McCreary Trust	108,770	3,655	(112,425)	-	-
Francis W. Hatch	13,450	-	(13,450)	-	-
Stavros S. Niarchos Foundation	74,124	12,126	(86,250)	-	-
CTA Foundation	100,000	-	(100,000)	-	-
Lion's Club Int'l.	128,911	450,000	(300,000)	-	278,911
David F. Weeks Awards	604,481	-	(20,000)	15,004	599,485
Reader's Digest Partners for Sight Foundation	-	50,000	(50,000)	-	-
Free Family Foundation	285,941	285,941	-	-	571,882
Income available from the William Malloy Jr. Fund	6,577	-	-	7,052	13,629
Bridget Beatrice Tiedman Trust	189,797	-	(75,000)	-	114,797
International Retinal Research Foundation	-	624,149	-	-	624,149
Ann Savina Baur Revocable Trust	-	600,000	-	-	600,000
American Macular Degeneration Foundation	-	285,941	-	-	285,941
Total temporarily restricted net assets	6,229,488	2,411,812	(2,013,176)	424,145	7,052,269
Total net assets with donor restrictions	$ 59,651,668	$ 2,418,403	$ (2,013,176)	$ 432,791	$ 60,489,686

RESEARCH TO PREVENT BLINDNESS

Notes to Combined Financial Statements (continued)
December 31, 2018

Note 10 – Net assets without donor restrictions

Designated funds

The Board of Trustees of RPB designated funds from net assets without donor restrictions to assure adequate financial support for the 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 2018 and 2017. Designated fund activity for the years ended December 31, 2018 and December 31, 2017 is as follows:

	December 31	
	2018	2017
Jules and Doris Stein Professorship Grants		
Balance, beginning of year	$24,418,598	$24,707,780
Grants awarded	(266,210)	(289,182)
Balance, end of year	**24,152,388**	**24,418,598**
Career Development Awards		
Balance, beginning of year	7,290,422	9,057,235
Grants awarded	(1,772,433)	(1,772,095)
Grants refunded	-	5,282
Balance, end of year	**5,517,989**	**7,290,422**
David F. Weeks Awards		
Balance, beginning of year	604,480	486,897
Transfer from general operating	-	125,655
Investment return	15,004	11,928
Grants awarded	(20,000)	(20,000)
Balance, end of year	**599,484**	**604,480**
Total designated funds, at year-end	**$30,269,861**	**$32,313,500**

David F. Weeks Awards

The following is a summary of the David F. Weeks Awards fund balances as of December 31, 2018:

Without donor restrictions – designated	$ 599,484
With donor restrictions - temporarily restricted	599,485
Total	$ 1,198,969