

**RESEARCH TO PREVENT BLINDNESS**

**Combined Financial Statements  
for year ended  
December 31, 2020**

### **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, Inc. and Research to Prevent Blindness Endowment Fund, Inc., (collectively, "RPB") which comprise the combined statement of financial position as of December 31, 2020 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 Combined 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, Inc. and Research to Prevent Blindness Endowment Fund, Inc. at December 31, 2020 and the results of their combined activities and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

We have previously audited RPB's 2019 combined financial statements, and our report dated March 18, 2020, 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, 2019, is consistent in all material respects, with the audited combined financial statements from which it has been derived.

*Condon O'Meara McGuffey & Donnelly LLP*

March 23, 2021

## RESEARCH TO PREVENT BLINDNESS

## Combined Statement of Financial Position

## Assets

	December 31	
	2020	2019
Cash and cash equivalents	\$ 10,310,832	\$ 22,636,918
Investments, at fair value	290,871,836	274,241,975
Due from investment managers, net	3,679	-
Interest and other receivables	92,548	932,828
Contributions receivable, net	434,240	1,198,253
Prepaid expenses	60,036	65,488
Assets designated for deferred compensation plan	20,245	-
Equipment and leasehold improvements, at cost, net		
Equipment, at cost (less accumulated depreciation of \$337,583 in 2020 and \$267,909 in 2019)	59,640	113,619
Leasehold improvements, at cost (less accumulated amortization of \$271,526 in 2020 and \$215,614 in 2019)	595,049	650,961
<b>Total assets</b>	<b><u>\$302,448,105</u></b>	<b><u>\$299,840,042</u></b>

## Liabilities and Net Assets

## Liabilities

Accounts payable and accrued expenses	\$ 259,825	\$ 221,365
Due to investment managers – net	-	6,537,716
Grants payable, net	10,223,497	8,432,961
Deferred lease incentives	777,594	812,901
Deferred compensation plan	20,245	-
<b>Total liabilities</b>	<b><u>11,281,161</u></b>	<b><u>16,004,943</u></b>

## Net assets

Without donor restrictions		
General operating	208,765,669	198,293,847
Designated	22,661,369	26,194,304
Total without donor restrictions	231,427,038	224,488,151
With donor restrictions	59,739,906	59,346,948
Total net assets	<u>291,166,944</u>	<u>283,835,099</u>
<b>Total liabilities and net assets</b>	<b><u>\$302,448,105</u></b>	<b><u>\$299,840,042</u></b>

See notes to combined financial statements.

# RESEARCH TO PREVENT BLINDNESS

## Combined Statement of Activities Year Ended December 31, 2020 (With Summarized Comparative Information for the Year Ended December 31, 2019)

	2020			2019
	Without Donor Restrictions		With Donor Restrictions	Total
	General Operating	Designated		
<b>Public support and revenue</b>				
Public support				
Contributions	\$ 556,633	\$ -	\$ 2,699,203	\$ 3,255,836
Combined Federal Campaign	650	-	-	650
Ophthalmological associate memberships	28,700	-	-	28,700
Donated investments	-	-	-	-
Total public support	585,983	-	2,699,203	3,285,186
Revenue				
Interest and dividends, net	4,469,175	16,526	412,256	4,897,957
Net limited partnership income (loss)	(3,047,615)	-	-	(3,047,615)
Other	711	-	-	711
Total revenue	1,422,271	16,526	412,256	1,851,053
Net assets released from restrictions or designation				
Satisfaction of program restrictions or designations	5,279,461	(3,549,461)	(1,730,000)	-
Satisfaction of Matching Fund restrictions	1,000,000	-	(1,000,000)	-
Total net assets released from restrictions or designations	6,279,461	(3,549,461)	(2,730,000)	-
Total public support and revenue	8,287,715	(3,532,935)	381,459	5,136,239
<b>Expenses</b>				
Program services				
Research grants, net of refunded and canceled grants of \$467,138 in 2020 and \$421,948 in 2019	10,298,256	-	-	11,349,781
Direct research support	527,237	-	-	537,974
Program development to stimulate laboratory expansion and eye research activities	402,024	-	-	402,024
Scientific symposia, seminars and surveys	293,684	-	-	293,684
Public and professional information	799,282	-	-	799,282
Total program services	12,320,483	-	-	12,320,483
Supporting activities				
Management and general	757,668	-	-	757,668
Fund raising	70,424	-	-	70,424
Total supporting activities	828,092	-	-	828,092
Total expenses	13,148,575	-	-	13,148,575
Excess (deficiency) of revenue over expenses before net realized gain and change in unrealized appreciation of investments	(4,860,860)	(3,532,935)	381,459	(8,012,336)
<b>Net realized gain and change in unrealized appreciation of investments</b>				
Increase (decrease) in net assets	15,332,682	-	11,499	15,344,181
Net assets, beginning of year	10,471,822	(3,532,935)	392,958	7,331,845
Net assets, end of year	198,293,847	26,194,304	59,346,948	283,835,099
	\$ 208,765,669	\$ 22,661,369	\$ 59,739,906	\$ 291,166,944
				\$ 283,835,099

See notes to combined financial statements.

## RESEARCH TO PREVENT BLINDNESS

## Combined Statement of Cash Flows

	Year Ended December 31	
	2020	2019
<b>Cash flows from operating activities</b>		
Cash received from contributions	\$ 3,799,422	\$ 2,424,698
Interest and dividends received	6,331,288	5,774,288
Miscellaneous receipts	711	7,528
Cash paid to employees and suppliers	(3,145,463)	(3,158,416)
Grants paid	<u>(8,600,007)</u>	<u>(10,565,000)</u>
Net cash (used in) operating activities	<u>(1,614,049)</u>	<u>(5,516,902)</u>
<b>Cash flows from investing activities</b>		
Purchase of equipment and leasehold improvements	(15,695)	(5,436)
Sales and maturities of investments	54,697,365	116,254,757
Purchase of investments	<u>(65,393,707)</u>	<u>(93,685,590)</u>
Net cash provided by (used in) investing activities	<u>(10,712,037)</u>	<u>22,563,731</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(12,326,086)</b>	<b>17,046,829</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>22,636,918</u></b>	<b><u>5,590,089</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 10,310,832</u></b>	<b><u>\$ 22,636,918</u></b>

See notes to combined financial statements.

# RESEARCH TO PREVENT BLINDNESS

## Combined Statement of Functional Expenses Year Ended December 31, 2020

(With Summarized Comparative Information for the Year Ended December 31, 2019)

	2020					2019				
	Program Services				Supporting Activities					
	Research Grants, net and Direct Research Support	Program Development	Scientific Symposia, Seminars and Surveys	Public and Professional Information	Total	Management and General	Fund Raising	Total	Total	
Grants, net	\$ 10,298,256	\$ -	\$ -	\$ -	\$ 10,298,256	\$ -	\$ -	\$ 10,298,256	\$ 11,349,781	
Salaries, pension and benefits	258,474	226,165	193,854	581,440	1,259,933	307,061	48,464	1,615,458	1,425,104	
Professional fees and services	66,178	55,703	11,865	31,668	165,414	263,508	3,006	431,928	376,969	
Conferences, seminars, meetings and travel	37,585	7,913	13,250	1,345	60,093	860	-	60,953	205,174	
Telecommunications	1,896	2,607	4,741	13,036	22,280	1,186	237	23,703	24,091	
Printing, stationery, postage and shipping	1,646	3,234	3,381	21,623	29,884	1,518	1,724	33,126	48,682	
Office supplies, maintenance and occupancy	113,894	74,983	48,346	103,498	340,721	44,005	11,899	396,625	367,153	
Dues, subscriptions, insurance and miscellaneous	7,377	6,302	5,688	15,276	34,643	55,542	1,326	91,511	111,626	
Depreciation and amortization	40,187	25,117	12,559	31,396	109,259	12,559	3,768	125,586	123,472	
Bad debt	-	-	-	-	-	71,429	-	71,429	185,941	
<b>Total expenses – 2020</b>	<b>\$ 10,825,493</b>	<b>\$ 402,024</b>	<b>\$ 293,684</b>	<b>\$ 799,282</b>	<b>\$ 12,320,483</b>	<b>\$ 757,668</b>	<b>\$ 70,424</b>	<b>\$ 13,148,575</b>	<b>\$ 14,217,993</b>	
<b>Total expenses – 2019</b>	<b>\$ 11,887,755</b>	<b>\$ 378,733</b>	<b>\$ 321,280</b>	<b>\$ 745,704</b>	<b>\$ 13,333,472</b>	<b>\$ 815,582</b>	<b>\$ 68,939</b>			

See notes to combined financial statements.

## RESEARCH TO PREVENT BLINDNESS

### Notes to Combined Financial Statements December 31, 2020

#### **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. Both organizations are collectively referred to as Research to Prevent Blindness or 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 11). 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 11).



**RESEARCH TO PREVENT BLINDNESS****Notes to Combined Financial Statements (continued)**  
**December 31, 2020****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, 2020 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.

## RESEARCH TO PREVENT BLINDNESS

### Notes to Combined Financial Statements (continued) December 31, 2020

#### **Note 2 – Summary of significant accounting policies (continued)**

##### Use of estimates

The preparation of 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, 2020. 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, 2019, from which the summarized information was derived.

##### Risks and uncertainties

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from the coronavirus. The economic impact of the coronavirus on RPB's future financial operations is not readily determinable.

##### Subsequent events

RPB has evaluated events and transactions for potential recognition or disclosure through March 23, 2021, which is the date the combined financial statements were available to be issued.

## RESEARCH TO PREVENT BLINDNESS

### Notes to Combined Financial Statements (continued) December 31, 2020

#### **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, 2020 and December 31, 2019, reduced by amounts not available for general use within one year of the combined statement of financial position date because of contractual or donor-imposed restrictions:

	<u>2020</u>	<u>2019</u>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 10,310,832	\$ 22,636,918
Investments, at fair value	290,871,836	274,241,275
Due from investment managers, net	3,679	-
Interest and other receivables	92,548	932,828
Contributions receivable, net	<u>434,240</u>	<u>1,198,253</u>
Sub-total	301,713,135	299,009,274
Less: Board designated net assets	(22,661,369)	(26,194,304)
Net assets with donor restrictions not expected to be met within one year	<u>(59,630,666)</u>	<u>(59,109,188)</u>
Total	<u>\$ 219,421,100</u>	<u>\$ 213,705,782</u>

#### **Note 4 – Investments, at fair value**

##### Due to/from investment managers – net

The amount due from investment managers as of December 31, 2020 was \$3,679 which consisted of \$3,684 due from an investment manager less \$5 due to an investment manager. The amount due from the investment manager was paid in January 2021. 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.

##### 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.

## RESEARCH TO PREVENT BLINDNESS

**Notes to Combined Financial Statements (continued)**  
**December 31, 2020**

**Note 4 – Investments, at fair value (continued)**

The fair value of the RPB's investments in hedge, global absolute return, emerging markets, MSCI EAFE and S&P 500s funds, 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.

The following is a summary of investments measured at fair value at December 31, 2020 and December 31, 2019:

	2020			
	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	\$ 21,814,337	\$ 21,814,337	\$ -	\$ -
Small cap	4,502,056	4,502,056	-	-
International index	6,036,223	6,036,223	-	-
Bond				
Corporate bond funds	58,025,107	58,025,107	-	-
Total mutual funds	90,377,723	90,377,723	-	-
Exchange-traded funds				
Global equity	23,068,263	23,068,263	-	-
S&P 500	4,375,491	4,375,491	-	-
Large cap	4,538,599	4,538,599	-	-
Total exchange-traded funds	31,982,353	31,982,353	-	-
Alternative investments				
Master limited partnership	23,751,981	-	-	23,751,981
Total investments measured in the fair value hierarchy	146,112,057	\$ 122,360,076	\$ -	\$ 23,751,981
Investments measured at net asset value				
Hedge funds	58,917,823			
Limited partnership				
Global absolute return	27,291,395			
Emerging markets	11,820,225			
Limited liability companies				
MSCI EAFE fund	15,199,117			
S&P 500 fund	31,531,219			
Total investments at fair value	\$ 290,871,836			

## RESEARCH TO PREVENT BLINDNESS

Notes to Combined Financial Statements (continued)  
December 31, 2020Note 4 – Investments, at fair value (continued)

	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			

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.

# RESEARCH TO PREVENT BLINDNESS

## Notes to Combined Financial Statements (continued) December 31, 2020

### 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	To maximize long-term capital appreciation by investing in equity securities or equity-linked instruments of companies worldwide.	Weekly

None of the above funds have any unfunded commitments.

### Note 5 – Contributions receivable, net

As of December 31, 2020 and December 31, 2019, contributions receivable are due as follows:

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 325,000	\$ 960,493
Due in one to five years	<u>150,000</u>	<u>300,000</u>
Sub-total	475,000	1,260,493
Less: discount to present value	<u>(40,760)</u>	<u>(62,240)</u>
Net contributions receivable	<u>\$ 434,240</u>	<u>\$ 1,198,253</u>

### Note 6 – Grants payable, net

As of December 31, 2020, grants payable are due as follows:

<u>Year</u>	
2021	\$ 6,917,000
2022	2,750,000
2023	<u>1,325,000</u>
Sub-total	10,992,000
Less: discount to present value	<u>(768,503)</u>
Net grants payable	<u>\$ 10,223,497</u>

## RESEARCH TO PREVENT BLINDNESS

### Notes to Combined Financial Statements (continued) December 31, 2020

#### **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 \$293,891 and \$286,724 in 2020 and 2019, respectively.

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

<u>Year</u>	<u>Amount</u>
2021	\$ 316,043
2022	336,548
2023	336,548
2024	336,548
2025	336,548
2026 and thereafter	<u>2,041,527</u>
Total	<u>\$ 3,703,762</u>

#### **Note 8 – Retirement plans**

##### **Defined contribution 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, 2020 and December 31, 2019 totaled \$187,014 and \$206,069, respectively.

##### **Deferred compensation plan**

In 2020, RPB established a 457(b) deferred compensation plan for a key management employee. The plan assets remain assets of RPB until paid to the employee. Accordingly, the amount deferred is reflected as an asset and liability on the accompanying combined statement of financial position. For the year ended December 31, 2020, contributions charged to operations for this plan were \$19,500.

The 457(b) plan, which is represented by investments in a fixed income fund and an equity mutual fund, amounted to \$20,245 at December 31, 2020. For assets measured at fair value on a recurring basis, accounting standards require quantitative disclosures about the fair value measurement separately for each major class of assets. The 457(b) plan's assets, consisting of publicly traded mutual funds, have been classified in the highest level of hierarchy (Level 1). Their quoted prices are in active markets for identical assets.

## RESEARCH TO PREVENT BLINDNESS

### Notes to Combined Financial Statements (continued) December 31, 2020

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

##### Stein Innovation Awards and Jules and Doris Stein RPB Professorship Grants

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. During 2019, the Board of Trustees approved to undesignate the remaining funds of the Jules and Doris Stein RPB 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 2020 and 2019. Grants of \$235,144 and \$292,857 were cancelled/refunded in 2020 and 2019, respectively. The balance of such designated funds amounted to \$21,094,675 and \$22,645,245 at December 31, 2020 and December 31, 2019, respectively.

##### Career Development Awards

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 \$2,100,000 and \$2,700,000 in 2020 and 2019, respectively. Grants of \$75,218 and \$53,990 were canceled in 2020 and 2019, respectively. The balance of such designated funds amounted to \$977,704 at December 31, 2020.

##### David W. Weeks Award

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. In 2020, the award was increased to \$50,000 annually. The award will be given annually for at least 20 years and only U.S. researchers are eligible.

See note 12 for the activity of these funds during 2020 and 2019.



**RESEARCH TO PREVENT BLINDNESS****Notes to Combined Financial Statements (continued)  
December 31, 2020****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 a \$1,500,000 contribution and net investment return of \$42,033 (interest, dividends, capital gains and losses) for the year ended December 31, 2020, and net investment return of \$86,760 for the year ended December 31, 2019. In accordance with the terms of the Fund, \$1,000,000 was released in both 2020 and 2019 for the general programs and activities of RPB to match contributions received during these years.

The principal of the Fund was decreased by \$957,967 and \$913,240 for the years ended December 31, 2020 and December 31, 2019, respectively.

**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 31<sup>st</sup>, 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.

## RESEARCH TO PREVENT BLINDNESS

Notes to Combined Financial Statements (continued)  
December 31, 2020**Note 11 – Net assets with donor restrictions (continued)**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 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.

Activity of the net assets with perpetual donor restrictions for the year ended December 31, 2020 is as follows:

	Balance at December 31, 2019	Contributions	Investment Return	Balance at December 31, 2020
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	282,884	-	12,414	295,298
The Ernest E. and Elizabeth P. Althouse Memorial Fund	2,193,667	-	-	2,193,667
William Malloy, Jr. Endowment Fund	219,620	36	-	219,656
Total net assets with perpetual donor restrictions	\$ 53,453,461	\$ 36	\$ 12,414	\$ 53,465,911

## RESEARCH TO PREVENT BLINDNESS

Notes to Combined Financial Statements (continued)  
December 31, 2020Note 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, 2020 is as follows:

	Balance at December 31, 2019	Contributions	Net Assets Released from Restrictions	Investment Return (Includes Realized Gains)	Balance at December 31, 2020
Jules & Doris Stein Matching Fund	\$ 1,563,827	\$ 1,500,000	\$ (1,000,000)	\$ 42,033	\$ 2,105,860
Sybil B. Harrington Fund	862	-	-	37	899
Income available from the Sybil B. Harrington Macular Degeneration Fund	134,395	-	(55,000)	68,090	147,485
Income available from the Sybil B. Harrington Eye Disease Fund	208,665	-	(60,000)	72,793	221,458
Income available from the William & Mary Greve Memorial Fund	533,091	-	(60,000)	44,869	517,960
Income available from the Dolly Green Fund	19,418	-	(25,000)	22,134	16,552
Walt & Lilly Disney Foundation	118,799	-	(100,000)	2,128	20,927
John D. & Patricia Sakona Fund	12,117	-	-	1,669	13,786
David B. Sykes Endowment Fund	8,501	-	-	-	8,501
The Ernest E. and Elizabeth P. Althouse Memorial Fund	320,703	-	(75,000)	105,020	350,723
Lion's Club Int'l.	128,911	-	-	-	128,911
David F. Weeks Awards	597,465	-	(25,000)	16,526	588,991
Free Family Foundation	135,941	4,762	-	-	140,703
Income available from the William Malloy Jr. Fund	20,922	-	-	10,248	31,170
International Retinal Research Foundation	438,208	7,143	(75,000)	-	370,351
Ann Savina Baur Revocable Trust	619,348	-	-	25,794	645,142
American Macular Degeneration Foundation	185,941	4,762	(150,000)	-	40,703
Myra White Estate	-	1,000,000	(1,000,000)	-	-
PM Chang Family Charitable Trust	100,000	-	-	-	100,000
The Allergan Foundation	105,000	165,000	(105,000)	-	165,000
Thomas Wertheimer	641,373	-	-	-	641,373
Fidelity Charitable Fund	-	10,000	-	-	10,000
Frederick Huntsberry	-	7,500	-	-	7,500
Total net assets with temporary donor restrictions	<u>5,893,487</u>	<u>2,699,167</u>	<u>(2,730,000)</u>	<u>411,341</u>	<u>6,273,995</u>
Total net assets with donor restrictions	<u>\$ 59,346,948</u>	<u>\$ 2,699,203</u>	<u>\$ (2,730,000)</u>	<u>\$ 423,755</u>	<u>\$ 59,739,906</u>

## RESEARCH TO PREVENT BLINDNESS

Notes to Combined Financial Statements (continued)  
December 31, 2020**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 RPB 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 2020 and 2019. Designated fund activity for the years ended December 31, 2020 and December 31, 2019 is as follows:

	December 31	
	2020	2019
Stein Innovation Award		
Balance, beginning of year	\$ 22,645,245	\$ -
Transfer	-	24,152,388
Grants awarded	(1,785,714)	(1,800,000)
Grants cancelled/refunded	235,144	292,857
Balance, end of year	<u>21,094,675</u>	<u>22,645,245</u>
Jules and Doris Stein RPB Professorship Grants		
Balance, beginning of year	-	24,152,388
Transfer	-	(24,152,388)
Grants awarded	-	-
Balance, end of year	<u>-</u>	<u>-</u>
RPB Career Development Awards		
Balance, beginning of year	2,951,595	5,517,989
Grants awarded	(2,049,109)	(2,620,384)
Grants refunded	75,218	53,990
Balance, end of year	<u>977,704</u>	<u>2,951,595</u>
David F. Weeks Awards		
Balance, beginning of year	597,464	599,484
Investment return	16,526	17,980
Grants awarded	(25,000)	(20,000)
Balance, end of year	<u>588,990</u>	<u>597,464</u>
<b>Total designated funds, at year-end</b>	<b><u>\$ 22,661,369</u></b>	<b><u>\$ 26,194,304</u></b>

David F. Weeks Awards

The following is a summary of the David F. Weeks Awards fund balances as of December 31, 2020 and December 31, 2019:

	2020	2019
Without donor restrictions – designated	\$ 588,990	\$ 597,464
With temporary donor restrictions	588,991	597,465
Total	<u>\$ 1,177,981</u>	<u>\$ 1,194,929</u>