

**RESEARCH TO PREVENT BLINDNESS, INC.
AND
RESEARCH TO PREVENT BLINDNESS
ENDOWMENT FUND, INC.**

**Combined Financial Statements
for year ended
December 31, 2021**

Independent Auditor's Report

To the Board of Trustees
Research to Prevent Blindness

Opinion

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, 2021 and the related combined statements of activities, cash flows and functional expenses for the year ended and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the RPB as of December 31, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of RPB and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RPB's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 RPB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RPB's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited RPB's 2020 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated March 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Condon O'Meara McIntyre & Donnelly LLP

March 15, 2022

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Combined Statement of Financial Position

Assets

	December 31	
	2021	2020
Cash and cash equivalents	\$ 8,315,729	\$ 10,310,832
Investments, at fair value	318,830,146	290,871,836
Due from investment managers, net	-	3,679
Interest and other receivables	281	92,548
Contributions receivable, net	903,522	434,240
Prepaid expenses	123,236	60,036
Assets designated for deferred compensation plan	43,264	20,245
Equipment and leasehold improvements, at cost, net		
Equipment, at cost (less accumulated depreciation of \$378,106 in 2021 and \$337,583 in 2020)	24,505	59,640
Leasehold improvements, at cost (less accumulated amortization of \$327,439 in 2021 and \$271,526 in 2020)	539,136	595,049
Total assets	<u>\$328,779,819</u>	<u>\$302,448,105</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 256,541	\$ 259,825
Due to investment managers – net	3,609	-
Grants payable, net	9,939,629	10,223,497
Deferred lease incentives	737,730	777,594
Deferred compensation plan	43,264	20,245
Total liabilities	<u>10,980,773</u>	<u>11,281,161</u>

Net assets

Without donor restrictions		
General operating	233,354,321	208,765,669
Designated	20,199,512	22,661,369
Total without donor restrictions	<u>253,553,833</u>	<u>231,427,038</u>
With donor restrictions	64,245,213	59,739,906
Total net assets	<u>317,799,046</u>	<u>291,166,944</u>
Total liabilities and net assets	<u>\$328,779,819</u>	<u>\$302,448,105</u>

See notes to combined financial statements.

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Combined Statement of Activities Year Ended December 31, 2021 (With Summarized Comparative Information for the Year Ended December 31, 2020)

	2021					2020
	Without Donor Restrictions			With Donor Restrictions	Total	Total
	General Operating	Designated	Total			
Public support and revenue						
Public support						
Contributions	\$ 815,692	\$ -	\$ 815,692	\$ 5,655,408	\$ 6,471,100	\$ 3,255,836
Combined Federal Campaign	1,029	-	1,029	-	1,029	650
Ophthalmological associate memberships	30,100	-	30,100	-	30,100	28,700
Donated investments	5,131	-	5,131	35,147	40,278	-
Total public support	851,952	-	851,952	5,690,555	6,542,507	3,285,186
Revenue						
Interest and dividends, net	5,180,930	16,760	5,197,690	327,283	5,524,973	4,897,957
Net limited partnership income (loss)	4,657,774	-	4,657,774	-	4,657,774	(3,047,615)
Other	9,705	-	9,705	-	9,705	711
Total revenue	9,848,409	16,760	9,865,169	327,283	10,192,452	1,851,053
Net assets released from restrictions or designations						
Satisfaction of program restrictions or designations	3,160,795	(2,478,617)	682,178	(682,178)	-	-
Satisfaction of Matching Fund restrictions	1,000,000	-	1,000,000	(1,000,000)	-	-
Total net assets released from restrictions or designations	4,160,795	(2,478,617)	1,682,178	(1,682,178)	-	-
Total public support and revenue	14,861,156	(2,461,857)	12,399,299	4,335,660	16,734,959	5,136,239
Expenses						
Program services						
Research grants, net of refunded and canceled grants of \$360,110 in 2021 and \$467,138 in 2020	10,516,439	-	10,516,439	-	10,516,439	10,298,256
Direct research support	531,613	-	531,613	-	531,613	527,237
Program development to stimulate laboratory expansion and eye research activities	389,766	-	389,766	-	389,766	402,024
Scientific symposia, seminars and surveys	301,598	-	301,598	-	301,598	293,684
Public and professional information	863,366	-	863,366	-	863,366	799,282
Total program services	12,602,782	-	12,602,782	-	12,602,782	12,320,483
Supporting activities						
Management and general	648,423	-	648,423	-	648,423	757,668
Fund raising	89,681	-	89,681	-	89,681	70,424
Total supporting activities	738,104	-	738,104	-	738,104	828,092
Total expenses	13,340,886	-	13,340,886	-	13,340,886	13,148,575
Excess (deficiency) of revenue over expenses before net realized gain and change in unrealized appreciation of investments	1,520,270	(2,461,857)	(941,587)	4,335,660	3,394,073	(8,012,336)
Net realized gain and change in unrealized appreciation of investments	23,068,382	-	23,068,382	169,647	23,238,029	15,344,181
Increase (decrease) in net assets	24,588,652	(2,461,857)	22,126,795	4,505,307	26,632,102	7,331,845
Net assets, beginning of year	208,765,669	22,661,369	231,427,038	59,739,906	291,166,944	283,835,099
Net assets, end of year	\$ 233,354,321	\$ 20,199,512	\$ 253,553,833	\$ 64,245,213	\$ 317,799,046	\$ 291,166,944

See notes to combined financial statements.

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Combined Statement of Cash Flows

	Year Ended December 31	
	2021	2020
Cash flows from operating activities		
Cash received from contributions	\$ 6,032,947	\$ 3,799,422
Interest and dividends received	6,169,249	6,331,288
Miscellaneous receipts	9,705	711
Cash paid to employees and suppliers	(3,478,655)	(3,145,463)
Grants paid	(10,708,020)	(8,600,007)
Net cash (used in) operating activities	(1,974,774)	(1,614,049)
Cash flows from investing activities		
Purchase of equipment and leasehold improvements	(5,388)	(15,695)
Sales and maturities of investments	84,420,452	54,697,365
Purchase of investments	(84,435,393)	(65,393,707)
Net cash (used in) investing activities	(20,329)	(10,712,037)
Net (decrease) in cash and cash equivalents	(1,995,103)	(12,326,086)
Cash and cash equivalents, beginning of year	10,310,832	22,636,918
Cash and cash equivalents, end of year	\$ 8,315,729	\$ 10,310,832

See notes to combined financial statements.

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Combined Statement of Functional Expenses

Year Ended December 31, 2021

(With Summarized Comparative Information for the Year Ended December 31, 2020)

	2021								2020
	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	\$10,516,439	\$ -	\$ -	\$ -	\$10,516,439	\$ -	\$ -	\$10,516,439	\$10,298,256
Salaries, pension and benefits	266,643	233,312	199,982	599,817	1,299,754	316,767	49,995	1,666,516	1,615,458
Professional fees and services	66,188	41,908	22,602	53,913	184,611	226,436	8,833	419,880	431,928
Conferences, seminars, meetings and travel	33,276	1,186	4,010	512	38,984	283	-	39,267	60,953
Telecommunications	1,897	2,609	4,743	13,038	22,287	1,192	237	23,716	23,703
Printing, stationery, postage and shipping	1,665	3,968	3,925	44,349	53,907	2,310	13,526	69,743	33,126
Office supplies, maintenance and occupancy	122,349	79,852	49,595	108,518	360,314	45,737	12,559	418,610	396,625
Dues, subscriptions, insurance and miscellaneous	8,736	7,644	7,097	19,110	42,587	46,054	1,638	90,279	91,511
Depreciation and amortization	30,859	19,287	9,644	24,109	83,899	9,644	2,893	96,436	125,586
Bad debt	-	-	-	-	-	-	-	-	71,429
Total expenses – 2021	<u>\$11,048,052</u>	<u>\$ 389,766</u>	<u>\$ 301,598</u>	<u>\$ 863,366</u>	<u>\$12,602,782</u>	<u>\$ 648,423</u>	<u>\$ 89,681</u>	<u>\$13,340,886</u>	<u>\$13,148,575</u>
Total expenses – 2020	<u>\$10,825,493</u>	<u>\$ 402,024</u>	<u>\$ 293,684</u>	<u>\$ 799,282</u>	<u>\$12,320,483</u>	<u>\$ 757,668</u>	<u>\$ 70,424</u>		

See notes to combined financial statements.

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Notes to Combined Financial Statements December 31, 2021

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).

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Notes to Combined Financial Statements (continued) December 31, 2021

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, 2021 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 funds 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 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 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, 2021

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 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, 2021. 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, 2020, from which the summarized information was derived.

Risks and uncertainties

The economic impact of the ongoing coronavirus epidemic 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 15, 2022, which is the date the combined financial statements were available to be issued.

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Notes to Combined Financial Statements (continued) December 31, 2021

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, 2021 and December 31, 2020, 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>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 8,315,729	\$ 10,310,832
Investments, at fair value	318,830,146	290,871,836
Due from investment managers, net	-	3,679
Interest and other receivables	281	92,548
Contributions receivable, net	<u>903,522</u>	<u>434,240</u>
Sub-total	328,049,678	301,713,135
Less: Board designated net assets	(20,199,512)	(22,661,369)
Net assets with donor restrictions not expected to be met within one year	<u>(62,315,213)</u>	<u>(59,630,666)</u>
Total	<u>\$ 245,534,953</u>	<u>\$ 219,421,100</u>

Note 4 – Investments, at fair value

Due to/from investment managers – net

The amount due to investment managers as of December 31, 2021 was \$3,609 and was paid in January 2022. 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.

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.

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Notes to Combined Financial Statements (continued)
December 31, 2021**Note 4 – Investments, at fair value (continued)**

The fair value of the RPB's investments in hedge, emerging markets, global absolute return, MSCI EAFE and S&P 500 funds, are determined using the net asset value (NAV) per share and are not included in 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, 2021 and December 31, 2020:

	2021			
	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				
Emerging markets	\$ 1,960,307	\$ 1,960,307	\$ -	\$ -
Small cap	4,812,484	4,812,484	-	-
International index	3,052,977	3,052,977	-	-
Bond				
Corporate bond funds	68,215,367	68,215,367	-	-
Inflation-protected	3,002,185	3,002,185	-	-
Commodity				
Real return	8,557,770	8,557,770	-	-
Total mutual funds	<u>89,601,090</u>	<u>89,601,090</u>	<u>-</u>	<u>-</u>
Exchange-traded funds				
Global equity	25,754,290	25,754,290	-	-
S&P 500	5,239,958	5,239,958	-	-
Large cap	5,100,931	5,100,931	-	-
International index	3,513,809	3,513,809	-	-
Gold	2,222,688	2,222,688	-	-
Total exchange-traded funds	<u>41,831,676</u>	<u>41,831,676</u>	<u>-</u>	<u>-</u>
Alternative investments				
Master limited partnership	8,508,333	-	-	8,508,333
Total investments measured in the fair value hierarchy	139,941,099	<u>\$ 131,432,766</u>	<u>\$ -</u>	<u>\$ 8,508,333</u>
Investments measured at NAV				
Hedge funds	90,441,181			
Limited partnership				
Emerging markets	12,009,637			
Limited liability companies				
MSCI EAFE fund	17,887,030			
S&P 500 fund	35,455,830			
Global fund	<u>23,095,369</u>			
Total investments at fair value	<u>\$318,830,146</u>			

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Notes to Combined Financial Statements (continued)
December 31, 2021Note 4 – Investments, at fair value (continued)

	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	2,825,041	2,825,041	-	-
Bond				
Corporate bond funds	58,025,107	58,025,107	-	-
Total mutual funds	87,166,541	87,166,541	-	-
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	-	-
International index	3,211,182	3,211,182	-	-
Total exchange-traded funds	35,193,535	35,193,535	-	-
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	86,209,218			
Limited partnership				
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			

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, 2021

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 – 4	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
	Multi-strategy invested in equities	Last business day of each calendar month
	Total return invested in securities, derivatives and other instruments to establish long and short investment exposures around the world	Last business day of each calendar month
Limited Liability Companies – 3	Borrowing and lending securities	1 day
	Publicly traded equity securities – 2	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, 2021 and December 31, 2020, contributions receivable are due as follows:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 317,500	\$ 325,000
Due in one to five years	<u>695,000</u>	<u>150,000</u>
Sub-total	1,012,500	475,000
Less: discount to present value	<u>(108,978)</u>	<u>(40,760)</u>
Net contributions receivable	<u>\$ 903,522</u>	<u>\$ 434,240</u>

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Notes to Combined Financial Statements (continued) December 31, 2021

Note 6 – Grants payable, net

As of December 31, 2021 and December 31, 2020, grants payable are due as follows:

<u>Year</u>	<u>2021</u>	<u>2020</u>
2021	\$ -	\$ 6,917,000
2022	6,357,000	2,750,000
2023	2,850,000	1,325,000
2024	1,075,000	-
2025	400,000	-
Sub-total	10,682,000	10,992,000
Less: discount to present value	(742,371)	(768,503)
Net grants payable	<u>\$ 9,939,629</u>	<u>\$ 10,223,497</u>

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 \$310,304 and \$293,891 in 2021 and 2020, respectively.

Future obligations under the lease, excluding escalation charges, are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 336,548
2023	336,548
2024	336,548
2025	336,548
2026	343,383
2027 and thereafter	1,698,144
Total	<u>\$ 3,387,719</u>

RESEARCH TO PREVENT BLINDNESS**Notes to Combined Financial Statements (continued)
December 31, 2021****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, 2021 and December 31, 2020 totaled \$208,796 and \$187,014, 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 years ended December 31, 2021 and December 31, 2020, contributions charged to operations for this plan were \$19,488 and \$19,500, respectively.

The 457(b) plan, which is represented by investments in a fixed income fund and an equity mutual fund, amounted to \$43,264 and \$20,245 at December 31, 2021 and December 31, 2020, respectively. 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.

Note 9 – Stein Innovation Awards, RPB Career Development Awards and the David F. Weeks AwardsStein Innovation Awards

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 (which is now the Stein Innovation Awards). 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. 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 approximately \$1,500,000 and \$1,800,000 were awarded in 2021 and 2020, respectively. Grants of \$24,087 and \$235,144 were cancelled/refunded in 2021 and 2020, respectively. The balance of such designated funds amounted to \$19,618,762 and \$21,094,675 at December 31, 2021 and December 31, 2020, respectively.

RESEARCH TO PREVENT BLINDNESS

Notes to Combined Financial Statements (continued) December 31, 2021

Note 9 – Stein Innovation Awards, RPB Career Development Awards and the David F. Weeks Awards (continued)

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 \$350,000 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 \$2,450,000 and \$2,100,000 in 2021 and 2020, respectively. Grants of \$132,815 and \$75,218 were canceled in 2021 and 2020, respectively. The designated funds were fully expended by December 31, 2021.

David W. Weeks Awards

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 2021 and 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 contributions totaling \$3,441,147 and net investment return of \$257,363 (interest, dividends, capital gains and losses) for the year ended December 31, 2021, and a \$1,500,000 contribution and net investment return of \$42,033 for the year ended December 31, 2020. In accordance with the terms of the Fund, \$1,000,000 was released in both 2021 and 2020 for the general programs and activities of RPB to match contributions received during these years.

The principal of the Fund was increased by \$2,698,510 and \$542,033 for the years ended December 31, 2021 and December 31, 2020, respectively.

RESEARCH TO PREVENT BLINDNESS**Notes to Combined Financial Statements (continued)
December 31, 2021****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 Fund, the two Sybil B. Harrington Funds and the John D. and Patricia Sakona Endowment Fund, and The Ernest E. and Elizabeth P. Althouse Memorial Fund where investment return is classified as being with temporary donor restrictions. Investment return from the David B. Sykes Endowment Fund is classified as being with perpetual donor restrictions for annual earnings up to 4%. Annual earnings in excess of 4% are classified as being with temporary donor restrictions.

RESEARCH TO PREVENT BLINDNESS

Notes to Combined Financial Statements (continued) December 31, 2021

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, 2021 is as follows:

	Balance at December 31, 2020	Investment Return	Balance at December 31, 2021
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	295,298	7,716	303,014
The Ernest E. and Elizabeth P. Althouse Memorial Fund	2,193,667	-	2,193,667
William Malloy, Jr. Endowment Fund	219,656	-	219,656
Total net assets with perpetual donor restrictions	<u>\$ 53,465,911</u>	<u>\$ 7,716</u>	<u>\$ 53,473,627</u>

RESEARCH TO PREVENT BLINDNESS

Notes to Combined Financial Statements (continued) December 31, 2021

Note 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, 2021 is as follows:

	Balance at December 31, 2020	Contributions	Net Assets Released from Restrictions	Investment Return (Includes Realized Gains)	Balance at December 31, 2021
Jules & Doris Stein Matching Fund	\$ 2,105,860	\$ 3,441,147	\$ (1,000,000)	\$ 257,363	\$ 4,804,370
Sybil B. Harrington Fund	899	-	-	23	922
Income available from the Sybil B. Harrington Macular Degeneration Fund	147,485	-	-	41,844	189,329
Income available from the Sybil B. Harrington Eye Disease Fund	221,458	-	(60,000)	43,722	205,180
Income available from the William & Mary Greve Memorial Fund	517,960	-	(60,000)	25,891	483,851
Income available from the Dolly Green Fund	16,552	-	-	12,886	29,438
Walt & Lilly Disney Foundation	20,927	200,000	(200,000)	1,223	22,150
John D. & Patricia Sakona Fund	13,786	-	-	2,948	16,734
David B. Sykes Endowment Fund	8,501	-	-	-	8,501
The Ernest E. and Elizabeth P. Althouse Memorial Fund	350,723	-	(75,000)	63,671	339,394
Lion's Club Int'l.	128,911	3,572	-	-	132,483
David F. Weeks Awards	588,991	-	(25,000)	16,760	580,751
Free Family Foundation	140,703	607,033	-	-	747,736
Income available from the William Malloy Jr. Fund	31,170	-	-	6,371	37,541
International Retinal Research Foundation	370,351	147,619	-	-	517,970
Ann Savina Baur Revocable Trust	645,142	-	-	16,512	661,654
American Macular Degeneration Foundation	40,703	145,460	-	-	186,163
PM Chang Family Charitable Trust	100,000	-	-	-	100,000
The Allergan Foundation	165,000	-	(150,000)	-	15,000
Thomas Wertheimer	641,373	-	-	-	641,373
Fidelity Charitable Fund	10,000	-	(10,000)	-	-
Frederick Huntsberry	7,500	-	(7,500)	-	-
CDA Appeal	-	13,964	(13,964)	-	-
Glaucoma Foundation	-	73,214	(73,214)	-	-
Aerie Pharmaceuticals	-	150,000	-	-	150,000
Castle Biosciences	-	15,000	-	-	15,000
Arthur T. Cantwell Charitable Foundation	-	28,000	-	-	28,000
Vernon F. & Mae E. Thompson Charitable Foundation	-	10,000	-	-	10,000
William & Helen Thomas Charitable Trust	-	7,500	(7,500)	-	-
The American Osteopathic Colleges of Ophthalmology & Otolaryngology	-	129,884	-	-	129,884
Estate of Ana O. LeRoy	-	718,162	-	-	718,162
Total net assets with temporary donor restrictions	\$ 6,273,995	\$ 5,690,555	\$ (1,682,178)	\$ 489,214	\$ 10,771,586
Total net assets with donor restrictions	\$ 59,739,906	\$ 5,690,555	\$ (1,682,178)	\$ 496,930	\$ 64,245,213

RESEARCH TO PREVENT BLINDNESS

Notes to Combined Financial Statements (continued) December 31, 2021

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 Awards (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 2021 and 2020. Designated fund activity for the years ended December 31, 2021 and December 31, 2020 is as follows:

	December 31	
	2021	2020
Stein Innovation Awards		
Balance, beginning of year	\$ 21,094,675	\$ 22,645,245
Grants awarded	(1,500,000)	(1,785,714)
Grants cancelled/refunded	24,087	235,144
Balance, end of year	<u>19,618,762</u>	<u>21,094,675</u>
RPB Career Development Awards		
Balance, beginning of year	977,704	2,951,595
Grants awarded	(1,110,519)	(2,049,109)
Grants cancelled/refunded	132,815	75,218
Balance, end of year	<u>-</u>	<u>977,704</u>
David F. Weeks Awards		
Balance, beginning of year	588,990	597,464
Investment return	16,760	16,526
Grants awarded	(25,000)	(25,000)
Balance, end of year	<u>580,750</u>	<u>588,990</u>
Total designated funds, at year-end	<u>\$ 20,199,512</u>	<u>\$ 22,661,369</u>

David F. Weeks Awards

The following is a summary of the David F. Weeks Awards fund balances as of December 31, 2021 and December 31, 2020:

	2021	2020
Without donor restrictions – designated	\$ 580,750	\$ 588,990
With temporary donor restrictions	580,751	588,991
Total	<u>\$ 1,161,501</u>	<u>\$ 1,177,981</u>