

THE GLAUCOMA FOUNDATION, INC.

Audited Financial Statements

December 31, 2022



Independent Auditor's Report

To the Board of Directors of
The Glaucoma Foundation, Inc.

Opinion

We have audited the accompanying financial statements of The Glaucoma Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022, and the changes in 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these 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 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 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 the Foundation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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

The financial statements of the Foundation as of and for the year ended December 31, 2021, were audited by other auditors whose report dated May 18, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects with the audited financial statements from which it was derived.

Sax CPAs LLP

New York, NY
May 10, 2023

THE GLAUCOMA FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2022
(With comparative totals at December 31, 2021)

	12/31/22	12/31/21
Assets		
Cash and cash equivalents	\$2,274,826	\$2,659,839
Investments (Note 3)	995,030	0
Pledges receivable	25,000	335,782
Prepaid expenses and other assets	48,048	14,101
Security deposit	27,796	27,796
Property and equipment, net (Note 4)	3,973	5,767
Operating lease right-of-use asset (Note 5)	177,456	0
Investments held for board designated funds (Note 6)	1,526,534	1,344,691
Investments held for endowments (Note 7)	7,230,963	8,563,184
Total assets	\$12,309,626	\$12,951,160
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$50,382	\$47,222
Grants payable	315,000	543,187
Deferred rent	0	8,071
Operating lease liability (Note 5)	188,835	0
Total liabilities	554,217	598,480
Net assets:		
Without donor restrictions:		
Operations	2,931,408	2,122,856
Board designated for medical research grants (Note 6)	1,168,664	939,599
Board designated for educational program reserve (Note 6)	357,870	405,092
Board designated for endowment (Note 7)	2,575,255	2,963,299
Total net assets without donor restrictions	7,033,197	6,430,846
With donor restrictions:		
For future periods and programs (Note 8)	66,504	321,949
Donor restricted endowment (Notes 7 and 8)	4,655,708	5,599,885
Total net assets with donor restrictions	4,722,212	5,921,834
Total net assets	11,755,409	12,352,680
Total liabilities and net assets	\$12,309,626	\$12,951,160

The attached notes and auditor's report are an integral part of these financial statements.

THE GLAUCOMA FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With comparative totals for the year ended December 31, 2021)

	With Donor Restrictions			Total 12/31/22	Total 12/31/21
	Without Donor Restrictions	Donor Restricted Support	Donor Restricted Endowment		
Support and revenue:					
Contributions	\$2,471,082	\$86,343		\$86,343	\$2,557,425
Interest income	26,647			0	26,647
Other income	30,000			0	30,000
Net assets released from restrictions	555,342	(341,788)	(\$213,554)	(555,342)	0
Total support and revenue	<u>3,083,071</u>	<u>(255,445)</u>	<u>(213,554)</u>	<u>(468,999)</u>	<u>2,614,072</u>
Expenses:					
Program services	1,591,392			0	1,591,392
Supporting services:					
Management and general	148,228			0	148,228
Fundraising	323,115			0	323,115
Total supporting services	<u>471,343</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>471,343</u>
Total expenses	<u>2,062,735</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,062,735</u>
Change in net assets from operating activities	<u>1,020,336</u>	<u>(255,445)</u>	<u>(213,554)</u>	<u>(468,999)</u>	<u>551,337</u>
Non-operating activities:					
Investment returns (Note 3)	<u>(417,985)</u>		<u>(730,623)</u>	<u>(730,623)</u>	<u>(1,148,608)</u>
Total non-operating activities	<u>(417,985)</u>	<u>0</u>	<u>(730,623)</u>	<u>(730,623)</u>	<u>(1,148,608)</u>
Change in net assets	602,351	(255,445)	(944,177)	(1,199,622)	(597,271)
Net assets - beginning of year	<u>6,430,846</u>	<u>321,949</u>	<u>5,599,885</u>	<u>5,921,834</u>	<u>12,352,680</u>
Net assets - end of year	<u><u>\$7,033,197</u></u>	<u><u>\$66,504</u></u>	<u><u>\$4,655,708</u></u>	<u><u>\$4,722,212</u></u>	<u><u>\$11,755,409</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

THE GLAUCOMA FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

(With comparative totals for the year ended December 31, 2021)

	Program Services			Supporting Services		Total Expenses 12/31/22	Total Expenses 12/31/21
	Education	Medical Research	Total Program Services	Management and General	Fundraising		
Salaries	\$321,598	\$264,745	\$586,343	\$70,588	\$119,058	\$189,646	\$742,084
Payroll taxes and benefits	67,451	55,526	122,977	14,805	24,971	39,776	156,746
Total salaries and related costs	<u>389,049</u>	<u>320,271</u>	<u>709,320</u>	<u>85,393</u>	<u>144,029</u>	<u>229,422</u>	<u>898,830</u>
Research grants		445,000	445,000			0	784,037
Think tank conference			0			0	101,745
Professional fees	30,000		30,000	34,659	30,000	64,659	93,800
Office expense	15,199	12,512	27,711	3,335	5,628	8,963	32,852
Direct mail	106,880		106,880		106,880	106,880	236,171
Occupancy	40,541	33,374	73,915	8,897	15,010	23,907	94,628
Postage and shipping	24,509		24,509	2,258		2,258	25,724
Conventions and travel	12,725		12,725			0	8,240
Insurance	2,841	2,338	5,179	623	1,052	1,675	8,484
Depreciation	1,127	928	2,055	247	418	665	3,059
Other	7,410		7,410	12,816	20,098	32,914	52,689
Community outreach	146,688		146,688			0	65,126
Total expenses	<u><u>\$776,969</u></u>	<u><u>\$814,423</u></u>	<u><u>\$1,591,392</u></u>	<u><u>\$148,228</u></u>	<u><u>\$323,115</u></u>	<u><u>\$471,343</u></u>	<u><u>\$2,405,385</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

THE GLAUCOMA FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With comparative totals for the year ended December 31, 2021)

	<u>12/31/22</u>	<u>12/31/21</u>
Cash flows from operating activities:		
Change in net assets	(\$597,271)	\$2,859,124
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,720	3,059
Net unrealized and realized loss/(gain) on investments	1,135,421	(1,614,565)
Donated stock	(93,692)	(493,553)
Changes in assets and liabilities:		
Pledges receivable	310,782	(248,193)
Prepaid expenses and other assets	(33,947)	1,616
Operating lease right-of-use asset and liability	11,379	0
Accounts payable and accrued expenses	3,160	11,742
Grants payable	(228,187)	223,817
Deferred rent	(8,071)	2,743
Total adjustments	<u>1,099,565</u>	<u>(2,113,334)</u>
Net cash flows provided by operating activities	<u>502,294</u>	<u>745,790</u>
Cash flows from investing activities:		
Proceeds from sales of investments	215,698	2,922,465
Purchases of investments/reinvested income	(1,102,079)	(2,452,492)
Purchase of equipment	(926)	0
Net cash flows (used for)/provided by investing activities	<u>(887,307)</u>	<u>469,973</u>
Net (decrease)/increase in cash and cash equivalents	(385,013)	1,215,763
Cash and cash equivalents - beginning of year	<u>2,659,839</u>	<u>1,444,076</u>
Cash and cash equivalents - end of year	<u>\$2,274,826</u>	<u>\$2,659,839</u>
Supplemental disclosures:		
Interest and taxes paid	<u>\$0</u>	<u>\$0</u>

The attached notes and auditor's report are an integral part of these financial statements.

THE GLAUCOMA FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Organization

The Glaucoma Foundation, Inc. (the “Foundation”), incorporated in New York State in 1984, was founded to stimulate and support basic and applied research in glaucoma, to gain and disseminate new information about the biological causes and treatment of glaucoma, and to identify and develop novel approaches to preserve visual function and reversal of blindness caused by glaucoma.

The Foundation fulfills its mission in the following programs:

- Medical research - The Foundation’s Grant-in-Aid Program has awarded millions of dollars in seed money for cutting-edge research projects.
- Educational programs - This includes the interdisciplinary Annual International Scientific Think Tank, which brings together some of the world’s top scientists and clinicians. These gatherings continue to be a catalyst for setting the course to find new treatments and cures for glaucoma.

The Foundation is a not-for-profit organization and has been notified by the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Recently Adopted Accounting Standard

In 2022, the Foundation adopted the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Foundation elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Foundation recognized right-of-use assets of \$264,442 and lease liabilities totaling \$277,355 in its statement of financial position as of January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

c. Basis of Presentation

The Foundation reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use. The board has designated funds to be used for the following specific purposes:
 - Medical research grants
 - Educational programs
 - Endowment funds

(See Notes 6 and 7 for details.)

As the funds are internally designated, they are reflected on the financial statements as without donor restrictions.

- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

d. Revenue Recognition

The Foundation follows the requirements of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-605 for recording contributions, which are recognized when deemed unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

Pledges that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value, which is calculated using risk-adjusted present value techniques if deemed material. Long-term pledges are considered time-restricted until the period they are due, at which time they will be released from restriction and counted towards operations. All pledges receivable as of December 31, 2022 are expected to be received within one year.

Management reviews receivables for collectability based on various factors such as historical trends and subsequent collections. Based on this review, management has deemed that no allowance for doubtful accounts is necessary for the periods ended December 31, 2022 and 2021.

e. Cash and Cash Equivalents

The Foundation considers cash held in checking accounts and money market funds with a maturity of three months or less to be cash and cash equivalents.

f. Concentration of Credit Risk

Financial instruments which potentially subject the Foundation to a concentration of credit risk, consist of cash accounts, which are placed with financial institutions that management deems to be creditworthy. At times and at year end, balances may exceed federally insured limits. While at year end the Foundation had uninsured balances, management feels they have little risk and have not experienced any losses due to bank failure.

g. Fair Value Measurement

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. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

h. Property and Equipment

Purchases of furniture, equipment, and other fixed assets that have a useful life of greater than one year and exceed predetermined amounts are capitalized at cost or, if donated, at their fair value at the date of the gift. Property and equipment are depreciated using the straight-line method over the estimated useful life of the asset.

i. Leases

The Foundation determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Foundation does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option.

- j. Contributed Services
Donated services are recognized in circumstances when they create or enhance non-financial assets or where those services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of services that assist the Foundation. These services have not been recorded in the financial statements because they do not meet the criteria for recognition as outlined above.

- k. Management Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

- l. Functional Allocation of Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following costs are allocated using time and effort as a basis:

- Salaries
- Payroll taxes and benefits
- Office expense
- Occupancy
- Insurance
- Depreciation

Direct mail is allocated evenly between program and fundraising due to the content distributed in mailings. All other expenses have been charged directly to the applicable program or supporting services.

- m. Advertising Costs
Advertising costs are expensed as incurred.
- n. Prior Year Comparative Financial Information
The financial statements include certain prior year summarized comparative information in total but not by net asset class. 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 the Foundation's financial statements for the year ended December 31, 2021, from which the summarized information was derived.
- o. Accounting for Uncertainty of Income Taxes
The Foundation does not believe its financial statements include any material uncertain tax positions. Tax filings for periods ending December 31, 2019 and later are subject to examination by applicable taxing authorities.

Note 3 - Investments

Total investments of \$995,030 consisted of all U.S. Treasury securities and are considered level 2 under the fair value hierarchy.

The following summarizes investment returns:

	<u>12/31/22</u>	<u>12/31/21</u>
Interest and dividend income	\$108,819	\$97,825
Investment fees	(122,006)	(125,074)
Realized gain on sales of investments	190,331	522,096
Unrealized (loss)/gain	<u>(1,325,752)</u>	<u>1,092,469</u>
Total	<u>(\$1,148,608)</u>	<u>\$1,587,316</u>

Note 4 - Property and Equipment

Property and equipment consist of the following:

	<u>12/31/22</u>	<u>12/31/21</u>
Computer software (5 years)	\$37,027	\$37,027
Furniture and equipment (5 years)	<u>60,411</u>	<u>59,485</u>
	97,438	96,512
Less: accumulated depreciation	<u>(93,465)</u>	<u>(90,745)</u>
Total property and equipment, net	<u>\$3,973</u>	<u>\$5,767</u>

Note 5 - Operating Lease Right-of-Use Asset and Operating Lease Liability

The Foundation evaluated current contracts to determine which met the criteria of a lease. The Foundation leases office space in New York, NY under a non-cancelable lease which expires on December 31, 2024 and has been determined to be an operating lease.

The ROU assets represent the Foundation's right to use the underlying asset for the lease term, and the lease liabilities represent the Foundation's obligation to make lease payments arising from this lease. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. The Foundation has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022 was 1.27%.

The lease term does not include any extension options.

For the year ended December 31, 2022, total operating lease cost was \$89,889. There were no short-term lease costs during the year ended December 31, 2022.

Rental expense totaled \$95,535 and \$92,709 during the years ended December 31, 2022 and 2021, respectively.

Cash paid for operating leases for the year ended December 31, 2022 was \$91,423. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2a. The future payments due under the operating lease as of December 31, 2022 are as follows:

Year ending:	December 31, 2023	\$94,166
	December 31, 2024	<u>96,990</u>
Total		<u>\$191,156</u>

Note 6 - Investments Held for Board Designated Funds

The following summarizes assets that are held for board designations:

	<u>December 31, 2022</u>		
	<u>Medical Research</u>	<u>Education</u>	<u>Total</u>
Net assets, beginning of year	\$939,599	\$405,092	\$1,344,691
Interest and dividend income	8,973	5,544	14,517
Net gain/(loss) on investments	6,538	(52,766)	(46,228)
Appropriated from endowment	<u>213,554</u>	<u>0</u>	<u>213,554</u>
Total	<u>\$1,168,664</u>	<u>\$357,870</u>	<u>\$1,526,534</u>

	<u>December 31, 2021</u>		
	<u>Medical Research</u>	<u>Education</u>	<u>Total</u>
Net assets, beginning of year	\$554,161	\$286,092	\$840,253
Contributions	0	50,000	50,000
Interest and dividend income	115	4,646	4,761
Net gain on investments	0	64,354	64,354
Appropriated from endowment	<u>385,323</u>	<u>0</u>	<u>385,323</u>
Total	<u>\$939,599</u>	<u>\$405,092</u>	<u>\$1,344,691</u>

Investments held for board designated funds consist of:

	<u>December 31, 2022</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities – U.S. diversified	\$931,906	\$0	\$931,906
Short term treasuries and money market account	10,129	0	10,129
U.S. Treasury securities	0	518,913	518,913
U.S. Corporate bonds	<u>0</u>	<u>65,586</u>	<u>65,586</u>
Total	<u>\$942,035</u>	<u>\$584,499</u>	<u>\$1,526,534</u>

	<u>December 31, 2021</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities – U.S. diversified	\$337,062	\$0	\$337,062
Short term treasuries and money market account	942,656	0	942,656
U.S. Treasury securities	0	24,995	24,995
U.S. Corporate bonds	<u>0</u>	<u>39,978</u>	<u>39,978</u>
Total	<u>\$1,279,718</u>	<u>\$64,973</u>	<u>\$1,344,691</u>

Note 7 - Investments Held for Endowments

The Foundation’s endowment includes donor restricted individual and corporate funds to be held indefinitely and board designated funds for the growth of the endowment and research grants. The income from the donor restricted investments can be used to support the Foundation’s research reserve for medical research grants.

Interpretation of Relevant Law

The Foundation follows New York State adopted New York Prudent Management of Institutional Funds Act (“NYPMIFA”), which the Foundation has interpreted as requiring certain amounts to be retained in perpetuity. Absent explicit donor stipulations to the contrary, the Foundation will preserve the fair value of the original gift as of the gift date of all donor-restricted endowment funds. However, under certain circumstances, the Foundation has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, the Foundation classifies as endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the donor’s intention.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the board appropriates for expenditure, therefore, they have been classified in the class of net assets with donor restrictions.

Spending Policies

In accordance with NYPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation
- (8) Where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Foundation

The Foundation's spending policy allows for semi-annual distributions of 2.5% of the previous year's balance to fund Glaucoma research if the total market valuation of the endowment assets is above \$5,000,000.

Changes in endowment net assets were as follows:

	<u>December 31, 2022</u>				
	<u>Board</u>	<u>Donor Restricted Endowment</u>		<u>Total</u>	<u>Total</u>
	<u>Designated</u>	<u>Endowment</u>	<u>Endowment</u>		
	<u>Endowment</u>	<u>Corpus</u>	<u>Earnings</u>	<u>Total</u>	<u>Total</u>
Endowment net assets,					
Beginning of year	\$2,963,299	\$1,550,187	\$4,049,698	\$5,599,885	\$8,563,184
Appropriations					
(for medical research)	178	0	(213,554)	(213,554)	(213,376)
Interest and dividend					
income	36,109	0	68,247	68,247	104,356
Net loss on					
investments	<u>(424,331)</u>	<u>0</u>	<u>(798,870)</u>	<u>(798,870)</u>	<u>(1,223,201)</u>
Endowment net assets,					
end of year	<u>\$2,575,255</u>	<u>\$1,550,187</u>	<u>\$3,105,521</u>	<u>\$4,655,708</u>	<u>\$7,230,963</u>

	<u>December 31, 2021</u>				
	<u>Board</u>	<u>Donor Restricted Endowment</u>		<u>Total</u>	<u>Total</u>
	<u>Designated</u>	<u>Endowment</u>	<u>Endowment</u>		
	<u>Endowment</u>	<u>Corpus</u>	<u>Earnings</u>	<u>Total</u>	<u>Total</u>
Endowment net assets,					
Beginning of year	\$2,458,693	\$1,550,187	\$3,420,597	\$4,970,784	\$7,429,477
Contributions	493,553	0	0	0	493,553
Appropriations					
(for medical research)	(492,839)	0	(385,323)	(385,323)	(878,162)
Interest and dividend					
income	30,923	0	62,256	62,256	93,179
Net gain on					
investments	<u>472,969</u>	<u>0</u>	<u>952,168</u>	<u>952,168</u>	<u>1,425,137</u>
Endowment net assets,					
end of year	<u>\$2,963,299</u>	<u>\$1,550,187</u>	<u>\$4,049,698</u>	<u>\$5,599,885</u>	<u>\$8,563,184</u>

Funds with Deficiencies

From time to time, the fair market value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2022 and 2021.

Investments held for endowment consist of:

	<u>December 31, 2022</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities – U.S. diversified	\$6,036,608	\$0	\$6,036,608
Short term treasuries and money market account	545,863	0	545,863
U.S. Treasury securities	0	281,529	281,529
U.S. Corporate bonds	<u>0</u>	<u>366,963</u>	<u>366,963</u>
Total	<u>\$6,582,471</u>	<u>\$648,492</u>	<u>\$7,230,963</u>

	<u>December 31, 2021</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities – U.S. diversified	\$7,941,472	\$0	\$7,941,472
Short term treasuries and money market account	170,863	0	170,863
U.S. Treasury securities	0	184,949	184,949
U.S. Corporate bonds	<u>0</u>	<u>265,900</u>	<u>265,900</u>
Total	<u>\$8,112,335</u>	<u>\$450,849</u>	<u>\$8,563,184</u>

Level 1 securities are valued at the closing price reported on the active market they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Note 8 - Net Assets With Donor Restrictions

The following summarizes the nature of net assets with donor restrictions:

	<u>12/31/22</u>	<u>12/31/21</u>
Endowment:		
Corpus:		
Joe LaMotta research endowment	\$1,530,187	\$1,530,187
DM Mendelshon endowment	<u>20,000</u>	<u>20,000</u>
Total corpus	<u>1,550,187</u>	<u>1,550,187</u>
Endowment earnings:		
Joe LaMotta research endowment	3,104,236	4,048,679
DM Mendelshon endowment	<u>1,285</u>	<u>1,019</u>
Total endowment earnings	<u>3,105,521</u>	<u>4,049,698</u>
Total endowment (See Note 7)	4,655,708	5,599,885
Program restrictions	66,504	196,949
Time restrictions	<u>0</u>	<u>125,000</u>
Total net assets with donor restrictions	<u>\$4,722,212</u>	<u>\$5,921,834</u>

The following summarizes net assets released from restrictions:

	<u>12/31/22</u>	<u>12/31/21</u>
Joe LaMotta research endowment -		
Appropriations	\$213,554	\$385,323
Program restrictions	<u>341,788</u>	<u>67,273</u>
Total released from restriction	<u>\$555,342</u>	<u>\$452,596</u>

Note 9 - Availability and Liquidity

The following reflects the Foundation's financial assets at December 31, 2022 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	\$2,274,826	
Investments	995,030	
Pledges receivable	<u>25,000</u>	
Total financial assets		\$3,294,865
Add amount appropriated for next year's spending		180,000
Less amounts not available for general expenditures:		
Donor contributions restricted		
for future periods and programs	<u>(66,504)</u>	
Total amounts not available for general expenditures		<u>(66,504)</u>
Financial assets available to meet cash needs		
for general expenditures within one year		<u>\$3,408,352</u>

The Foundation's endowment funds are held for long-term purposes and consist of donor-restricted endowments and a board designated endowment. Therefore, these assets are not considered available for general expenditures.

Note 10 - Retirement Plan

The Foundation offers a SIMPLE IRA retirement plan, which allows all employees who earn at least \$5,000 during the preceding calendar year and expect to earn \$5,000 in the current calendar year, to participate. Employees may elect to defer a portion of their salary and contribute to this plan up to statutory amounts on a monthly basis. The employer will contribute a matching contribution equal to the employee's deferrals, limited to 3% of the employee's compensation for the calendar year. Contributions made by the Foundation to the plan totaled \$23,158 and \$22,183 during the years ended December 31, 2022 and 2021, respectively.

Note 11 - Subsequent Events

Subsequent events have been evaluated through May 10, 2023, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.