National Society to Prevent Blindness (d/b/a Prevent Blindness) and Affiliates

Combined Financial Statements
For the Years Ended March 31, 2017 and 2016

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Contents

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Independent Auditor's Report

Board of Directors
National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates
Chicago, Illinois

We have audited the accompanying combined financial statements of National Society to Prevent Blindness (d/b/a Prevent Blindness) and Affiliates, which comprise the combined statement of financial position as of March 31, 2017, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We did not audit the financial statements of the following combined affiliates: National Society to Prevent Blindness - North Carolina Affiliate, Inc. (d/b/a Prevent Blindness North Carolina); Prevent Blindness Iowa; Northern California Society to Prevent Blindness, and Prevent Blindness Wisconsin, Inc. Those statements reflect total assets of $6,898,756 at March 31, 2017 (constituting 25% of combined total assets) and total public support and operating revenue of $2,838,116 for the year then ended (constituting 31% of combined total public support and operating revenue). Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these affiliates, is based solely on the reports of the other auditors. 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, based on our audit and the reports of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of National Society to Prevent Blindness (d/b/a Prevent Blindness) and Affiliates as of March 31, 2017, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The combined financial statements of National Society to Prevent Blindness (d/b/a Prevent Blindness) and Affiliates as of and for the year ended March 31, 2016 were audited by other auditors, whose report dated October 13, 2016 expressed an unmodified opinion on those statements.

BDO USA, LLP

Chicago, Illinois
October 13, 2017

Combined Financial Statements

National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates

Combined Statements of Financial Position

March 31,	**2017**	2016
Assets		
Cash and cash equivalents	**$ 2,675,314**	$ 2,631,701
Contributions and other receivables	**1,494,920**	1,797,412
Investments (Note 3)	**14,323,070**	14,665,258
Beneficial interest in trusts (Note 3)	**5,936,354**	5,796,131
Land, building, and equipment, net of accumulated depreciation (Note 4)	**2,240,143**	2,276,236
Other assets	**400,606**	310,052
Total Assets	**$ 27,070,407**	$ 27,476,790
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	**$ 515,579**	$ 458,010
Accrued vacation and severance pay	**218,989**	224,187
Short-term borrowings - Bank (Note 7)	**450,000**	480,000
Mortgage loan payable (Note 8)	**1,003,546**	1,045,639
Deferred revenue and other liabilities	**137,426**	244,415
Total Liabilities	**2,325,540**	2,452,251
Net Assets		
Unrestricted		
Undesignated - available for general activities	**10,427,401**	9,056,653
Designated by the Board of Directors for specific purposes	**2,813,409**	2,759,637
Designated by the Board of Directors for the endowment (Note 10)	**-**	2,007,120
Total unrestricted	**13,240,810**	13,823,410
Temporarily restricted (Note 9)	**3,120,262**	2,957,557
Permanently restricted (Note 11)	**8,383,795**	8,243,572
Total Net Assets	**24,744,867**	25,024,539
Total Liabilities and Net Assets	**$ 27,070,407**	$ 27,476,790

See accompanying notes to combined financial statements.

National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates

Combined Statements of Activities and Changes in Net Assets

	2017				2016			
Year ended March 31,	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Operating Revenue								
Public Support								
Received directly:								
Contributions	**$ 1,614,131**	**$ 1,976,197**	**$ -**	**$ 3,590,328**	$ 1,946,640	$ 1,524,441	$ -	$ 3,471,081
Legacies and income from trusts held by others	**985,125**	**28,100**	-	**1,013,225**	562,572	42,048	-	604,620
Special events, net of direct costs of $573,120 and				**-**				
$550,181 in 2017 and 2016, respectively	**1,104,947**	**-**	-	**1,104,947**	939,994	15,000	-	954,994
Received indirectly - combined service campaigns	**37,666**	**-**	-	**37,666**	39,732	-	-	39,732
Total Public Support	**3,741,869**	**2,004,297**	-	**5,746,166**	3,488,938	1,581,489	-	5,070,427
Operating Revenue								
Fees and grants from governmental agencies	**2,547,180**	**272,297**	-	**2,819,477**	2,180,293	426,407	-	2,606,700
Program service revenue	**135,857**	**-**	-	**135,857**	100,199	-	-	100,199
Net investment income	**200,829**	**28,337**	-	**229,166**	221,605	27,687	-	249,292
Miscellaneous	**254,404**	**-**	-	**254,404**	58,717	-	-	58,717
Total Operating Revenue	**3,138,270**	**300,634**	**-**	**3,438,904**	2,560,814	454,094	-	3,014,908
Net assets released from restrictions - satisfaction of program restrictions	**2,231,395**	**(2,231,395)**	**-**	**-**	2,247,181	(2,247,181)	-	-
Total Public Support and Operating Revenue	**9,111,534**	**73,536**	-	**9,185,070**	8,296,933	(211,598)	-	8,085,335
Expenses								
Program services								
Research	**462,824**	-	-	**462,824**	428,490	-	-	428,490
Public health education	**3,704,011**	-	-	**3,704,011**	3,621,781	-	-	3,621,781
Professional education and training	**1,662,083**	-	-	**1,662,083**	1,593,828	-	-	1,593,828
Community services	**2,649,473**	-	-	**2,649,473**	2,592,473	-	-	2,592,473
Total Program Services	**8,478,391**	**-**	**-**	**8,478,391**	8,236,572	-	-	8,236,572
Supporting Services								
General and administrative	**1,176,709**	-	-	**1,176,709**	1,199,580	-	-	1,199,580
Fundraising	**927,679**	-	-	**927,679**	969,287	-	-	969,287
Total Supporting Services	**2,104,388**	**-**	**-**	**2,104,388**	2,168,867	-	-	2,168,867
Total Expenses	**10,582,779**	**-**	**-**	**10,582,779**	10,405,439	-	-	10,405,439
Deficiency of Public Support and Operating Revenue over Expenses	**(1,471,245)**	**73,536**	**-**	**(1,397,709)**	(2,108,506)	(211,598)	-	(2,320,104)
Non-operating revenue, gains, and losses								
Net realized and unrealized gains (losses) on investments	**888,645**	**89,169**	**-**	**977,814**	(540,689)	(40,393)	-	(598,082)
Change in market value of beneficial interest in trusts	**-**	**-**	**140,223**	**140,223**	-	-	(445,238)	(445,238)
Total non-operating revenue, gains, and losses	**888,645**	**89,169**	**140,223**	**1,118,037**	(540,689)	(40,393)	(445,238)	(1,026,320)
Change in Net Assets	**(582,600)**	**162,705**	**140,223**	**(279,672)**	(2,649,195)	(251,991)	(445,238)	(3,346,424)
Net Assets - beginning of year	**13,823,410**	**2,957,557**	**8,243,572**	**25,024,539**	16,472,605	3,209,548	8,688,810	28,370,963
Net Assets - end of year	**$ 13,240,810**	**$ 3,120,262**	**$ 8,383,795**	**$ 24,744,867**	$ 13,823,410	$ 2,957,557	$ 8,243,572	$ 25,024,539

See accompanying notes to combined financial statements.

National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates

Combined Statements of Functional Expenses

Year ended March 31, 2017	Program Services: Research	Program Services: Public Health Education	Program Services: Professional Education and Training	Program Services: Community Services	Program Services: Total	Supporting Services: General and Administrative	Supporting Services: Fundraising	Supporting Services: Total	2017 Total
Salaries	$ 228,125	$ 1,852,165	$ 840,661	$ 1,335,838	$ 4,256,789	$ 597,724	$ 451,249	$ 1,048,973	$ 5,305,762
Employee benefits	40,970	308,528	143,916	245,009	738,423	94,536	78,985	173,521	911,944
Payroll taxes	13,398	148,840	60,590	97,684	320,512	49,783	34,432	84,215	404,727
Total Payroll and Related Expenses	282,493	2,309,533	1,045,167	1,678,531	5,315,724	742,043	564,666	1,306,709	6,622,433
Accounting and audit fees	2,112	34,211	11,168	10,041	57,532	45,250	3,895	49,145	106,677
Legal fees	331	11,253	2,648	1,324	15,556	17,210	331	17,541	33,097
Other professional fees and outside services	82,817	368,981	191,455	318,914	962,167	112,403	121,748	234,151	1,196,318
Office supplies	1,507	227,559	117,592	168,488	515,146	15,319	9,809	25,128	540,274
Telephone	1,268	59,914	16,593	28,151	105,926	17,378	11,878	29,256	135,182
Postage and shipping	548	17,310	7,318	15,006	40,182	6,915	18,445	25,360	65,542
Building occupancy	3,132	187,104	50,043	91,979	332,258	81,622	39,134	120,756	453,014
Interest	1,522	19,379	6,652	5,627	33,180	25,760	1,215	26,975	60,155
Office equipment maintenance	355	20,415	6,750	22,277	49,797	13,893	8,363	22,256	72,053
Printing and publications	1,978	44,539	36,823	64,236	147,576	11,301	55,358	66,659	214,235
Travel and meetings	46,809	188,425	92,199	119,007	446,440	32,227	38,383	70,610	517,050
Insurance	1,829	38,701	12,699	22,519	75,748	7,990	8,167	16,157	91,905
Awards and grants	25,000	2,250	2,250	4,500	34,000	-	-	-	34,000
Other	4,367	53,539	31,844	48,514	138,264	25,507	31,654	57,161	195,425
Total expenses before depreciation	456,068	3,583,113	1,631,201	2,599,114	8,269,496	1,154,818	913,046	2,067,864	10,337,360
Depreciation of building and equipment	6,756	120,898	30,882	50,359	208,895	21,891	14,633	36,524	245,419
Total Expenses	$ 462,824	$ 3,704,011	$ 1,662,083	$ 2,649,473	$ 8,478,391	$ 1,176,709	$ 927,679	$ 2,104,388	$ 10,582,779

National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates

Combined Statements of Functional Expenses

	Program Services					Supporting Services			
Year ended March 31, 2016	Research	Public Health Education	Professional Education and Training	Community Services	Total	General and Administrative	Fundraising	Total	2016 Total
Salaries	$ 220,033	$ 1,856,045	$ 829,102	$ 1,352,543	$ 4,257,723	$ 595,409	$ 453,553	$ 1,048,962	$ 5,306,685
Employee benefits	37,114	297,207	129,202	216,788	680,311	90,688	74,566	165,254	845,565
Payroll taxes	13,363	148,950	62,452	105,873	330,638	51,753	33,528	85,281	415,919
Total Payroll and Related Expenses	270,510	2,302,202	1,020,756	1,675,204	5,268,672	737,850	561,647	1,299,497	6,568,169
Accounting and audit fees	2,378	36,319	12,271	10,989	61,957	47,831	2,593	50,424	112,381
Professional fundraising fees	-	-	-	-	-	-	3,513	3,513	3,513
Legal fees	59	2,019	475	238	2,791	3,088	59	3,147	5,938
Other professional fees and outside services	51,892	385,014	162,146	278,196	877,248	142,136	169,838	311,974	1,189,222
Office supplies	1,385	152,107	54,198	81,728	289,418	9,704	7,125	16,829	306,247
Telephone	976	34,850	13,936	31,467	81,229	15,826	9,354	25,180	106,409
Postage and shipping	618	24,914	9,456	16,324	51,312	10,522	28,300	38,822	90,134
Building occupancy	3,318	191,535	53,278	112,863	360,994	108,523	37,866	146,389	507,383
Office equipment maintenance	347	20,818	7,712	19,391	48,268	14,935	6,506	21,441	69,709
Printing and publications	1,569	55,061	46,207	74,901	177,738	12,298	66,443	78,741	256,479
Travel and meetings	51,141	193,487	112,729	132,292	489,649	34,700	40,084	74,784	564,433
Insurance	2,086	34,352	11,895	24,001	72,334	8,769	6,897	15,666	88,000
Awards and grants	32,971	10,763	12,613	8,363	64,710	8	5	13	64,723
Other	4,538	73,734	51,536	74,988	204,796	33,116	15,245	48,361	253,157
Total expenses before depreciation	423,788	3,517,175	1,569,208	2,540,945	8,051,116	1,179,306	955,475	2,134,781	10,185,897
Depreciation of building and equipment	4,702	104,606	24,620	51,528	185,456	20,274	13,812	34,086	219,542
Total Expenses	$ 428,490	$ 3,621,781	$ 1,593,828	$ 2,592,473	$ 8,236,572	$ 1,199,580	$ 969,287	$ 2,168,867	$ 10,405,439

See accompanying notes to combined financial statements.

National Society to Prevent Blindness
(d/b/a Prevent Blindness) and Affiliates

Combined Statements of Cash Flows

Year ended March 31,	**2017**	2016
Cash Flows from Operating Activities		
Change in net assets	**$ (279,672)**	$ (3,346,424)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	**245,419**	219,542
Loss on disposal of assets	**1,419**	-
Donated equipment	**(14,000)**	-
Net realized and unrealized (gains) losses on investments	**(977,814)**	577,411
Change in market value of beneficial interest in trusts	**(140,223)**	445,238
Changes in operating assets and liabilities:		
Contributions and other receivables	**302,492**	(127,944)
Other assets	**(90,554)**	(773)
Accounts payable and accrued expenses	**57,569**	90,652
Accrued vacation and severance pay	**(5,198)**	(20,178)
Deferred revenue and other liabilities	**(106,989)**	73,554
Net cash used in operating activities	**(1,007,551)**	(2,088,922)
Cash Flows from Investing Activities		
Capital expenditures	**(196,745)**	(260,879)
Proceeds from sales of investment securities	**6,569,123**	3,917,578
Purchases of investment securities	**(5,249,121)**	(2,443,318)
Net cash provided by investing activities	**1,123,257**	1,213,381
Cash Flows from Financing Activities		
Net (payments on) proceeds from borrowings on lines of credit	**(30,000)**	458,680
Repayments of mortgage loan	**(42,093)**	(40,092)
Net cash (used in) provided by financing activities	**(72,093)**	418,588
Net Increase (Decrease) in Cash and Cash Equivalents	**43,613**	(456,953)
Cash and Cash Equivalents - beginning of the year	**2,631,701**	3,088,654
Cash and Cash Equivalents - end of the year	**$ 2,675,314**	$ 2,631,701
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 63,684	$ 53,112

See accompanying notes to combined financial statements.

1. Organization and Operations

National Society to Prevent Blindness (d/b/a Prevent Blindness) and Affiliates (jointly referred to as "Prevent Blindness") are not-for-profit organizations dedicated to preventing blindness and preserving sight through public and professional education, vision screening training and certification, patient service programs, public policy advocacy, and research throughout the United States of America. Prevent Blindness' principal sources of revenue are public support contributions from foundations, corporations, trusts and legacies, and bequests; grants from federal and local government entities; net revenue from fundraising events; and investment income. The Affiliates share a portion of their public support with Prevent Blindness in accordance with their affiliation agreements and are controlled by their local Boards of Directors.

2. Summary of Significant Accounting Policies

Basis of Combination and Presentation

The combined financial statements of Prevent Blindness have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Significant accounting policies followed by Prevent Blindness are described below.

The accompanying combined financial statements include the accounts of Prevent Blindness and its Affiliates. Intercompany transactions have been eliminated in combination. The Affiliates included in the accompanying combined financial statements include the following: National Society to Prevent Blindness - North Carolina Affiliate, Inc. (d/b/a Prevent Blindness North Carolina); Prevent Blindness Iowa; Northern California Society to Prevent Blindness, Prevent Blindness Wisconsin, Inc.; Texas Society to Prevent Blindness, Inc. (d/b/a Prevent Blindness Texas); Georgia Society to Prevent Blindness, Inc. (d/b/a Prevent Blindness Georgia); and National Society to Prevent Blindness, Ohio Affiliate (d/b/a Prevent Blindness, Ohio Affiliate).

In May 2016 and August 2016, Prevent Blindness Florida and Prevent Blindness Oklahoma, respectively, terminated their affiliation agreements with the National Society to Prevent Blindness. The financial information from these two affiliates has been excluded from the accompanying combined financial statements in accordance with Prevent Blindness' elected method of combining affiliates. For financial statement presentation purposes, Prevent Blindness excludes from combination any affiliates disaffiliating during the period presented in the combined financial statements or disaffiliating subsequent to the period presented but prior to issuance of the related combined financial statements.

In order to ensure the observance of limitations and restrictions placed on the use of available resources, Prevent Blindness maintains its financial accounts in accordance with the principles and practices of fund accounting. This is the procedure by which resources for various purposes are classified for accounting purposes into funds established in accordance with their nature and purpose.

For external reporting purposes, Prevent Blindness' combined financial statements have been prepared to focus on Prevent Blindness as a whole and to present balances and transactions classified in accordance with the existence or absence of donor-imposed restrictions. Net assets and related activity are classified as follows:

- Unrestricted – Net assets that are not subject to donor-imposed restrictions. Certain of these assets, however, are designated by the Board of Directors for specific purposes or for the endowment.

- Temporarily Restricted – Net assets that are subject to donor-imposed restrictions that may or will be met either by actions of Prevent Blindness or the passage of time.

- Permanently Restricted – Net assets that are subject to donor-imposed restrictions to be maintained permanently by Prevent Blindness. Generally, the donors of these assets permit Prevent Blindness to use all or part of the income earned on related investments for general or specific purposes.

Use of Estimates

The preparation of the combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in banks, and short-term highly liquid investments, which are readily convertible into cash within 90 days after purchase.

Prevent Blindness maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. Prevent Blindness has not experienced any losses in such accounts. Prevent Blindness believes it is not exposed to any significant credit risk on cash.

Contributions and Other Receivables

Prevent Blindness' contributions and other receivables are comprised primarily of grants and allocations committed from various funding agencies, corporations, and individuals for use in Prevent Blindness' activities. Prevent Blindness has not recorded a provision for doubtful accounts since it is the opinion of Prevent Blindness that those receivables are collectible in full.

Investments

Investments are reported at fair value. Investment income, including net realized and unrealized gains (losses), is reflected in the Combined Statement of Activities and Changes in Net Assets as an increase (decrease) in net assets. Interest and dividend income is recorded on the accrual basis. Realized gains and losses are determined based on specific identification of securities sold.

Prevent Blindness' investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the combined statements of financial position.

Land, Building, and Equipment

Land, building, and equipment are recorded at cost or, in the case of gifts, fair value as of the date of the donation, and depreciated over estimated useful lives using straight-line, accelerated, and declining-balance methods. Useful lives range from ten to 40 years for buildings, three to ten years for equipment, and five to 27.5 years for leasehold improvements. It is the policy of Prevent Blindness to capitalize building and equipment if the cost or value of the item is in excess of a predetermined threshold and the useful economic life is greater than one year. Costs of repairs and maintenance are charged to expense as incurred.

Public Support and Revenue

Public support and revenue are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at net realizable value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Revenue from government grant and contract agreements is recognized as it is earned through expenditure in accordance with the agreement. Revenue from program service fees is recognized when the service is completed.

Donated Services

Prevent Blindness recognizes the fair value of contributed services that require specialized skills and are provided by individuals who possess those skills as revenue in the period received.

A substantial number of volunteers have donated significant amounts of their time to Prevent Blindness’ vision screening and other program services, fundraising campaigns and management. The estimated value of such donated time has not been recorded in the combined financial statements for those services that do not require special expertise.

No amounts have been recognized in the combined statements of activities as the criteria for recognition of those services in accordance with U.S. GAAP have not been satisfied.

Legacies, Bequests and Beneficial Interests in Trusts

Prevent Blindness is the beneficiary of various wills, the total realizable amount of which is not presently determinable. Such amounts are recorded when a clear title is established, and the proceeds are clearly measurable. Prevent Blindness is also the income beneficiary under various trusts, the corpora of which is not controlled by Prevent Blindness. In the absence of donor-imposed conditions, Prevent Blindness recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits.

Beneficial interest in trusts is stated at the estimated fair value of the assets from 11 trusts based on the percentage of the trust designated to Prevent Blindness applied to the total fair value of the trust, which is based primarily on quoted market prices. The changes in the fair value of the underlying trust assets, as determined by the trustees that hold and/or manage these assets, are recognized in the Combined Statements of Activities and Changes in Net Assets in the periods in which they occur.

Functional Expenses

The costs of providing the program and support services have been reported on a functional basis in the Combined Statement of Activities and Changes in Net Assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Income Taxes

The Internal Revenue Service has informed Prevent Blindness that they are tax-exempt organizations as provided in Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, are exempt from federal and state income taxes. No provision has been made for income taxes in the accompanying combined financial statements for the years ended March 31, 2017 and 2016, as Prevent Blindness has had no significant unrelated business income.

Prevent Blindness' application of U.S. GAAP regarding uncertain tax positions had no effect on its financial position as management believes they have no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. Prevent Blindness would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense.

Subsequent Events

Prevent Blindness has evaluated subsequent events through October 13, 2017, the date the combined financial statements were available to be issued. No events have occurred subsequent to March 31, 2017 that required recognition or disclosure in the financial statements, except those disclosed in Note 7.

Reclassifications

Certain reclassifications have been made to the fiscal 2016 financial statements to conform to the fiscal 2017 presentation.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *"Revenue from Contracts with Customers,"* which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP. In August 2015, the FASB issued ASU 2015-14, *"Revenue from Contracts with Customers,"* which defers the effective date of the new revenue recognition standard by one year. ASU 2015-14 is effective for annual reporting periods beginning after December 15, 2018 and is to be applied using one of two retrospective application methods, with early application permitted after December 15, 2016. Prevent Blindness has not yet determined the method by which ASU 2014-09 will be adopted in fiscal year 2020 and is currently evaluating the potential impact of the adoption of ASU 2014-09 on its combined financial statements and disclosures.

In February 2016, the FASB issued ASU 2016-02, *"Leases (Topic 842),"* to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. ASU 2016-02 applies a right-of-use ("ROU") model that requires, for all leases with a lease term of more than 12 months, an asset representing its ROU the underlying asset for the lease term, and a liability to make lease payments to be recorded. ASU 2016-02 is effective for the Prevent Blindness' 2021 fiscal year with early adoption permitted. Prevent Blindness is currently evaluating the impact of ASU 2016-02 on its combined financial statements.

In August 2016, the FASB issued ASU 2016-14, *"Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) Present – Presentation of Financial Statements of Not-for-Profit Entities."* ASU 2016-14 amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. ASU 2016-14 is effective for Prevent Blindness' 2019 fiscal year with early adoption permitted. The provisions of ASU 2016-14 must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for the periods prior to adoption. Prevent Blindness is currently evaluating the impact of the adoption of ASU 2016-14 on its combined financial statements.

3. Fair Value Measurements

FASB Accounting Standards Codification ("ASC") 820, *"Fair Value Measurements and Disclosures,"* requires certain assets and liabilities be reported at fair value in the financial statements and provides a framework for establishing that fair value. Fair value is defined in the ASC as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market for the asset or liability in an orderly transaction. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value. ASC 820 describes three levels of inputs that may be used to measure fair value.

Fair values determined by Level 1 inputs use unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. Fair values for Prevent Blindness's hedge fund were based on net asset values ("NAV"). Such NAV are based on the value of the underlying assets of the fund. The investment objectives of the funds vary and can be differentiated by the nature of their holdings.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Investments measured at fair value using NAV per share (or its equivalent) as a practical expedient are not required to be classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. Prevent Blindness' assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Prevent Blindness' policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the beginning of the reporting period in circumstances that caused the transfer. During the years ended March 31, 2017 and 2016, there were no such transfers.

The following tables present information about Prevent Blindness' assets and liabilities measured at fair value on a recurring basis at March 31, 2017 and 2016 and the valuation techniques used by Prevent Blindness to determine those fair values.

		Recurring Fair Value Measurements as of Reporting Date Using			
Description	Fair Values as of March 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value
Investments					
Money market instruments	$ 35,111	$ 20,466	$ 14,645	$ -	$ -
Mutual funds	5,493,915	4,919,599	574,316	-	-
Common stocks	5,718,703	5,697,478	21,225	-	-
Corporate bonds and notes	890,294	-	890,294	-	-
U.S. government obligations	725,524	-	725,524	-	-
Other Investments:					
Hedge funds	729,250	-	-	-	729,250
Community foundations	101,703	-	-	101,703	-
	$ 13,694,500	$ 10,637,543	$ 2,226,004	$ 101,703	$ 729,250
Beneficial Interest in Trusts	$ 5,936,354	$ -	$ -	$ 5,936,354	$ -

		Recurring Fair Value Measurements as of Reporting Date Using			
Description	Fair Values as of March 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value
Investments					
Money market instruments	$ 43,011	$ 24,565	$ 18,446	$ -	$ -
Mutual funds	5,035,344	4,376,437	658,907	-	-
Common stocks	6,016,424	5,997,976	18,448	-	-
Corporate bonds and notes	1,070,694	-	1,070,694	-	-
U.S. government obligations	1,061,007	-	1,061,007	-	-
Other Investments:					
Hedge funds	688,586	-	-	-	688,586
Community foundations	94,084	-	-	94,084	-
	$ 14,009,150	$ 10,398,978	$ 2,827,502	$ 94,084	$ 688,586
Beneficial Interest in Trusts	$ 5,796,131	$ -	$ -	$ 5,796,131	$ -

Not included in the table above as of March 31, 2017 are cash and cash equivalents of $238,481, money market funds of $217,860, and certificates of deposit of $172,229. Not included in the above table as of March 31, 2016 are cash and cash equivalents of $141,172, money market funds of $180,540, and certificates of deposit of $334,396.

On the Combined Statement of Activities and Changes in Net Assets, net investment income amounts are reported net of related investment management expenses of $99,406 and $104,587 for the years ended March 31, 2017 and 2016, respectively.

Investments classified as Level 3 are comprised of beneficial interests in perpetual trusts and community foundations investments. The beneficial interests in trusts are stated at the estimated fair value, which is based on the percentage of the trust designated to Prevent Blindness, applied to the total fair value of the trust, which is based primarily on quoted market prices. The estimated fair value of community foundations are based on the underlying assets, which consist primarily of securities traded on an active market or secondary market.

The following tables present reconciliations of the beginning and ending balances recorded for instruments classified as Level 3 in their fair value hierarchy:

	Community Foundations	Beneficial Interest in Trusts	Total
Balance at March 31, 2015	$ 99,768	$ 6,241,369	$ 6,341,137
Total losses (realized and unrealized)	(5,684)	(445,238)	(450,922)
Balance at March 31, 2016	94,084	5,796,131	5,890,215
Total gains (realized and unrealized)	7,619	140,223	147,842
Balance at March 31, 2017	$ 101,703	$ 5,936,354	$ 6,038,057

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets and liabilities. As a result, the unrealized gains and losses for these assets and liabilities presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Investments in Entities that Calculate Net Asset Value per Share

At March 31, 2017 and 2016, the estimated fair values for the hedge funds were determined by the respective fund manager. Such NAV is based on the value of the underlying assets and liabilities of the fund. At year end, the fair values, unfunded commitments, and redemption rules of those investments are as follows:

	March 31, 2017 Fair Value	March 31, 2016 Fair Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Lighthouse Hedge Fund (1)	**$ 507,243**	$ 482,101	None	Monthly	90 days
Ironwood Hedge Fund (2)	**222,007**	206,485	None	Bi-Annually	95 days
Total	**$ 729,250**	$ 688,586			

(1) This hedge fund is a fund of funds held with Lighthouse Diversified Fund, Ltd. and was purchased on December 31, 2008.

(2) This hedge fund is held with Ironwood Multi-Strategy Fund LLC and was purchased in September and November 2012.

4. Land, Building, and Equipment

Prevent Blindness' land, building, and equipment consisted of the following as of March 31:

		2017		2016
Land	$	**512,045**	$	512,045
Buildings		**1,996,428**		1,996,428
Equipment		**2,141,473**		2,284,613
Leasehold improvements		**4,451**		5,111
		4,654,397		4,798,197
Less accumulated depreciation		**2,414,254**		2,521,961
Total	**$**	**2,240,143**	$	2,276,236

Depreciation expense was $245,419 and $219,542 for the years ended March 31, 2017 and 2016, respectively.

5. Employee Benefit Plan

Prevent Blindness offers a contributory defined contribution plan to substantially all employees who meet the eligibility requirements of age and length of service. Total contributions under the plan were $250,858 and $267,151 for the years ended March 31, 2017 and 2016, respectively.

6. Lease Commitments

Prevent Blindness occupies certain operating facilities under various operating lease agreements expiring at various dates through 2027. Substantially all of these leases require that Prevent Blindness pay real estate taxes, utilities, and maintenance expenses.

As of March 31, 2017, the minimum future rent payments due under operating leases with non-cancelable lease terms in excess of one year are as follows:

Year ending March 31,		Amount
2018	$	227,449
2019		215,083
2020		197,003
2021		93,741
2022		98,384
Thereafter		134,555
Total	**$**	**966,215**

Total rent expense on all operating leases was $408,291 and $394,329 for the years ended March 31, 2017 and 2016, respectively.

7. Short-Term Borrowings - Bank

Short-term borrowings include two lines of credit agreements with different financial institutions. Outstanding borrowings amounted to $450,000 of an available $675,000 on the following two lines of credit at March 31, 2017:

1. $75,000 under a secured line of credit agreement with SunTrust Bank with total available borrowings of $75,000. This agreement was entered into on January 20, 2013. This is an open-end revolving line of credit and is payable on demand. This loan arrangement may be terminated without notice by SunTrust Bank. The interest rate is variable and was 6% on March 31, 2017. The line of credit is collateralized by Prevent Blindness Georgia's general investment account.

2. $375,000 under a secured line of credit agreement with Heartland Bank and Trust Company in Illinois with total available borrowings of $600,000. This agreement was entered into on May 13, 2016 and was to expire on May 15, 2017. Interest is payable monthly at one-month LIBOR plus 2.75% (effective rate of 3.74% on March 31, 2017). This line of credit is secured by Prevent Blindness' deposit accounts with the institution. Subsequent to March 31, 2017, and prior to expiration, this line of credit was renewed with a new expiration date of December 3, 2017 and with substantially similar terms with the addition of substantially all assets of Prevent Blindness as collateral.

Outstanding borrowings amounted to $480,000 of an available $675,000 on the following two lines of credit at March 31, 2016:

1. $50,000 under a secured line of credit agreement with SunTrust Bank with total available borrowings of $75,000. This agreement was entered into on January 20, 2013. This is an open-end revolving line of credit and is payable on demand. This loan arrangement may be terminated without notice by SunTrust Bank. The interest rate is variable and was 5.5% on March 31, 2016. The line of credit is collateralized by the Georgia Society to Prevent Blindness, Inc.'s general investment account.

2. $430,000 under an unsecured line of credit agreement with American Midwest Bank in Illinois with total available borrowings of $600,000. This agreement expired on May 15, 2016 and was refinanced with the aforementioned line of credit with Heartland Bank and Trust Company. Interest was payable monthly at LIBOR plus 2.75% (effective rate of 3.19% on March 31, 2016).

8. Mortgage Loan Payable

Prevent Blindness has a mortgage loan payable to Heartland Bank and Trust Company. The mortgage loan is secured by the office condominium used by Prevent Blindness and is payable in monthly installments of principal and interest of $7,243, with the final balloon payment due on July 1, 2020. The mortgage loan bears interest at 4.375%. Principal payments due on the mortgage loan payable at March 31, 2017 are as follows:

Year ending March 31,		Amount
2018	$	43,867
2019		45,827
2020		47,768
2021		866,084
Total	**$**	**1,003,546**

9. Temporarily Restricted Net Asset Balances

Temporarily restricted net assets of $3,120,262 and $2,957,557 as of March 31, 2017 and 2016, respectively, consist of gifts and other unexpended resources restricted for research and other program support. Some of the gifts and unexpended resources restricted for research and other program support are also restricted for time.

10. Endowments

Prevent Blindness' endowment consists of 14 individual funds established for a variety of purposes, including vision screening, eye health education, safety, and general operations. Its endowment includes both donor-restricted endowment funds and funds designated by the Boards of Directors to function as endowments. Prevent Blindness does not consider its beneficial interest in trusts to be part of its endowment since the trustees of those trusts determine the investment objectives for the assets included in the trusts. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Boards of Directors to function as endowments, are classified and reported based on existences or absences of donor-imposed restrictions.

Interpretation of Relevant Law Subject to an Enacted Version of UPMIFA

The various Boards of Directors of Prevent Blindness have interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the real value of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Prevent Blindness classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts donated to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, Prevent Blindness considers the following factors in making in determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purpose of Prevent Blindness 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 Prevent Blindness.
7. The investment policies of Prevent Blindness.

Return Objectives and Risk Parameters

Prevent Blindness has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the real value of the endowment assets. Endowment assets include those assets of donor-restricted funds that Prevent Blindness must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Prevent Blindness expects its endowment funds, over time, to provide an average rate of return of approximately 6% - 7.5% annually. Actual returns in any given year may vary from this amount.

Spending Policy and How the Investment Objectives Relate to Spending Policy

National Society to Prevent Blindness and Affiliates has various policies of appropriating for distribution part of its endowment fund's fair value.

National Society to Prevent Blindness, which holds 60% of total donor restricted endowment funds as of March 31, 2017 and 2016, has a policy to hold the original value of the gift in perpetuity while income earned can be used as designated by the donor. The Affiliates' policies include policies such as the following:

1. Holding the original value of the gift in perpetuity while income earned can be used as designated by the donor.
2. Specific fixed dollar appropriations.

In establishing its policies, Prevent Blindness considered the long-term expected return on its endowments.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Prevent Blindness relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Prevent Blindness targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment net asset composition by type of fund as of March 31, 2017 was as follows:

Description	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 281,745	$ 2,447,441	$ 2,729,186
Total Funds	**$ -**	**$ 281,745**	**$ 2,447,441**	**$ 2,729,186**

Changes in endowment net assets for the year ended March 31, 2017 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets – beginning of year	$ 2,007,120	$ 253,970	$ 2,447,441	$ 4,708,531
Investment return:				
Investment income	-	36,140	-	36,140
Net appreciation (realized and unrealized)	-	182,601	-	182,601
Total investment return	-	218,741	-	218,741
Appropriation of endowment assets for expenditure	(2,007,120)	(187,296)	-	(2,194,416)
Adjustment - other	-	(3,670)	-	(3,670)
Endowment Net Assets – end of year	$ -	$ 281,745	$ 2,447,441	$ 2,729,186

Endowment net asset composition by type of fund as of March 31, 2016 was as follows:

Description	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 253,970	$ 2,447,441	$ 2,701,441
Board-designated endowment funds	2,007,120	-	-	2,007,120
Total Funds	**$ 2,007,120**	**$ 253,970**	**$ 2,447,441**	**$ 4,708,531**

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Changes in endowment net assets for the year ended March 31, 2016 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets – beginning of year	$ 2,441,709	$ 301,997	$ 2,447,441	$ 5,191,147
Investment return:				
Investment income	-	32,457	-	32,457
Net depreciation (realized and unrealized)	-	(71,640)	-	(71,640)
Total investment return	-	(39,183)	-	(39,183)
Appropriation of endowment assets for expenditure	(434,589)	(8,844)	-	(443,433)
Endowment Net Assets – end of year	$ 2,007,120	$ 253,970	$ 2,447,441	$ 4,708,531

11. Permanently Restricted Net Assets

Permanently restricted net assets consist of the following:

March 31,	**2017**	2016
Donor-restricted endowment funds	**$ 2,447,441**	$ 2,447,441
Beneficial interest in trusts	**5,936,354**	5,796,131
Total	**$ 8,383,795**	$ 8,243,572