

Retina Foundation of the Southwest

Financial Report

December 31, 2022

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Independent Auditor's Report

To the Board of Directors
Retina Foundation of the Southwest

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Retina Foundation of the Southwest (the Foundation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects on the accompanying financial statements not consolidating the financial statements of the Foundation with those of RFSW Endowment, Inc. (the Endowment), as discussed in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

The accompanying financial statements of the Foundation have not been consolidated with the financial statements of the Endowment, a supporting organization within the meaning of the Internal Revenue Code.

As discussed in Note 15 to the financial statements, the Endowment was incorporated effective January 1, 2021, and the Foundation's investment assets were subsequently transferred to the Endowment. Under accounting principles generally accepted in the United States of America, the Foundation is presumed to have control of the Endowment through its interrelationship with the Endowment's board of directors and its economic interest in the Endowment, conditions which require consolidation. If the financial statements of the Endowment had been consolidated with those of the Foundation, net assets would be greater by \$9,048,434 and \$11,077,911 as of December 31, 2022 and 2021, respectively. Changes in net assets would have decreased by \$2,029,477 and increased by \$10,122,442, respectively, for the years then ended.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (GAGAS). Our responsibility 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

The Board of Directors of
Retina Foundation of the Southwest

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 for one year after the date that the financial statements are issued (or when applicable, 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 GAAS 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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.

The Board of Directors of
Retina Foundation of the Southwest

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2023 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Foundation's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
September 22, 2023

Financial Statements

Retina Foundation of the Southwest
Statements of Financial Position (Parent Entity)
December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 7,492,171	\$ 7,393,024
Accounts and grants receivable	1,445,992	1,145,898
Pledges receivable, net	132,500	210,000
Prepaid expenses	59,063	72,168
Land, building, and equipment, net	4,168,960	3,708,487
TOTAL ASSETS	\$ 13,298,686	\$ 12,529,577
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 555,681	\$ 268,029
Retirement plan accrual	64,290	50,237
Deferred revenues	46,507	55,689
Line of credit	373,809	-
Total liabilities	1,040,287	373,955
NET ASSETS		
Without donor restrictions	7,577,911	7,624,528
With donor restrictions	4,680,488	4,531,094
Total net assets	12,258,399	12,155,622
TOTAL LIABILITIES AND NET ASSETS	\$ 13,298,686	\$ 12,529,577

Retina Foundation of the Southwest

Statements of Activities (Parent Entity) Years Ended December 31, 2022 and 2021

	Year ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Special events	\$ 753,556	\$ -	\$ 753,556
Less: cost of direct benefits to donors	(32,636)	-	(32,636)
Net special events revenues	720,920	-	720,920
Government grants	943,241	-	943,241
Contributions and other grants	2,455,690	1,076,991	3,532,681
Investment income and realized gain on investments	70,614	-	70,614
Unrealized gain (loss) on investments	-	-	-
Other income	145,688	286,783	432,471
Net assets released from restriction	1,214,380	(1,214,380)	-
TOTAL SUPPORT AND REVENUES	5,550,533	149,394	5,699,927
EXPENSES			
Program	4,250,424	-	4,250,424
Management and general	636,047	-	636,047
Development	710,679	-	710,679
Total functional expenses	5,597,150	-	5,597,150
Transfer to RFSW Endowment, Inc.	-	-	-
TOTAL EXPENSES	5,597,150	-	5,597,150
CHANGES IN NET ASSETS	(46,617)	149,394	102,777
NET ASSETS AT BEGINNING OF YEAR	7,624,528	4,531,094	12,155,622
NET ASSETS AT END OF YEAR	\$ 7,577,911	\$ 4,680,488	\$ 12,258,399

Year ended December 31, 2021

Without Donor Restrictions	With Donor Restrictions	Total
\$ 299,866	\$ -	\$ 299,866
-	-	-
299,866	-	299,866
1,178,288	-	1,178,288
2,341,101	1,082,896	3,423,997
1,374	600	1,974
30,883	77,343	108,226
142,983	277,208	420,191
1,511,471	(1,511,471)	-
<u>5,505,966</u>	<u>(73,424)</u>	<u>5,432,542</u>
3,838,873	-	3,838,873
537,065	-	537,065
531,627	-	531,627
4,907,565	-	4,907,565
<u>2,998,855</u>	<u>7,510,218</u>	<u>10,509,073</u>
<u>7,906,420</u>	<u>7,510,218</u>	<u>15,416,638</u>
(2,400,454)	(7,583,642)	(9,984,096)
<u>10,024,982</u>	<u>12,114,736</u>	<u>22,139,718</u>
<u>\$ 7,624,528</u>	<u>\$ 4,531,094</u>	<u>\$ 12,155,622</u>

Retina Foundation of the Southwest
Statements of Cash Flows (Parent Entity)
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 102,777	\$ (9,984,096)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Transfer to RFSW Endowment	-	10,509,073
Depreciation	231,239	221,971
Unrealized (gain) loss on investments	-	(108,226)
Increase in accounts and grants receivable	(300,094)	(151,393)
(Increase) decrease in prepaid expenses	13,105	(36,541)
Increase in accounts payable and accrued expenses and retirement plan accrual	301,705	80,122
Decrease in deferred revenue	(9,182)	(24,551)
Net cash provided by operating activities	339,550	506,359
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(3,109)
Decrease (increase) in pledges receivable	77,500	(10,000)
Purchases of land, building, and equipment	(691,712)	(389,076)
Net cash used in investing activities	(614,212)	(402,185)
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of credit	373,809	-
Net cash provided by financing activities	373,809	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	99,147	104,174
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,393,024	7,288,850
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 7,492,171	\$ 7,393,024
SUPPLEMENTAL DISCLOSURE		
Interest paid	\$ 8,507	\$ -

The Notes to Financial Statements are an integral part of these statements.

Retina Foundation of the Southwest
Statements of Functional Expenses (Parent Entity)
Years Ended December 31, 2022 and 2021

<u>December 31, 2022</u>	<u>Program</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>
Compensation and benefits	\$ 2,932,940	\$ 428,798	\$ 363,158	\$ 3,724,896
Lab, patient and other program expenses	288,793	-	-	288,793
General insurance	43,209	16,030	2,271	61,510
General office and maintenance expense	163,593	58,807	48,496	270,896
Interest expense	7,809	440	257	8,506
Other expenses	63,168	30,983	120,130	214,281
Professional services	26,981	59,152	42,376	128,509
Common area maintenance expenses	165,565	16,852	8,590	191,007
Special events	42,766	-	115,163	157,929
Sub-contract agreements	251,657	-	-	251,657
Travel and conference	61,640	833	5,454	67,927
Total before depreciation expense	4,048,121	611,895	705,895	5,365,911
Depreciation expense	202,303	24,152	4,784	231,239
TOTAL EXPENSES	<u>\$ 4,250,424</u>	<u>\$ 636,047</u>	<u>\$ 710,679</u>	<u>\$ 5,597,150</u>
<u>December 31, 2021</u>	<u>Program</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>
Compensation and benefits	\$ 2,711,060	\$ 365,789	\$ 354,302	\$ 3,431,151
Lab, patient and other program expenses	298,686	-	-	298,686
General insurance	34,640	15,482	1,906	52,028
General office and maintenance expense	180,937	44,357	43,926	269,220
Interest expense	-	-	-	-
Other expenses	67,408	15,933	27,957	111,298
Professional services	56,156	55,903	835	112,894
Common area maintenance expenses	126,934	13,440	8,960	149,334
Special events	4,200	-	88,580	92,780
Sub-contract agreements	148,622	-	-	148,622
Travel and conference	18,517	449	615	19,581
Total before depreciation expense	3,647,160	511,353	527,081	4,685,594
Depreciation expense	191,713	25,712	4,546	221,971
TOTAL EXPENSES	<u>\$ 3,838,873</u>	<u>\$ 537,065</u>	<u>\$ 531,627</u>	<u>\$ 4,907,565</u>

The Notes to Financial Statements
are an integral part of these statements.

Retina Foundation of the Southwest

Notes to Financial Statements (Parent Entity)

Year Ended December 31, 2022

Note 1. Nature and Purpose of the Foundation

Retina Foundation of the Southwest (the Foundation) was organized in 1975 as a Texas non-profit corporation. The Foundation was organized to promote the research, diagnosis, treatment and education of the leading causes of blindness and impaired vision. The Foundation also strives to increase the understanding of the normal development and function of the visual system in order to better prevent, diagnose and treat sight-threatening conditions; and to enhance the rehabilitation, training and quality of life of individuals who are partially-sighted or blind.

Note 2. Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Foundation presents its financial statements in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 958 Not-for-Profit Entities. Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – represent resources that are available for the support of operations. All contributions are available for unrestricted use in accordance with the Foundation’s nature and purpose as described in the corporate documents unless specifically restricted by creditors or other contractual agreements. Unrestricted board designated net assets are designated as restricted for research expenditures or for general operating expenses as approved by the Board of Directors.

Net Assets With Donor Restrictions – include unspent grants, gifts, and other program income expendable only for purposes specified or approved by the donor or for use in a particular future period and are included in cash and cash equivalents, and pledges receivable, net, in the Statements of Financial Position. When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Retina Foundation of the Southwest
Notes to Financial Statements (Parent Entity)
Year Ended December 31, 2022

All revenues and net gains are reported as increases in net assets without donor restrictions in the Statements of Activities unless the use of the related resources is subject to donor restrictions. Contributions received with time or purpose restrictions that are expended for the restricted purpose within the same year are reported as unrestricted support. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents

At December 31, 2022 and 2021, cash and cash equivalent consists of cash on hand, money market accounts, and all highly liquid investments purchased with an initial maturity of 90 days or less. Cash and cash equivalents are reported at cost which approximates fair value. The Foundation maintains cash balances at various financial institutions, which at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investment income includes interest earned on cash equivalents that is recognized as revenue in the period in which it is earned as increases in net assets without donor restrictions.

Accounts Receivable

Accounts receivable consist primarily of unsecured non-interest bearing amounts due from grantors on cost-reimbursement grants. Bad debts are accounted for using the reserve method. Management periodically reviews accounts on an account-by-account basis. Accounts are written off when it appears collection efforts will not be successful. There is no allowance for uncollectible accounts receivable as of December 31, 2022 and 2021.

Contributions and Pledges Receivable

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give are included on the financial statements as pledges receivable and contribution revenue of the appropriate net asset category. The Foundation reports contributions as restricted support if the support is received with donor restrictions that limit the use of the donated assets. When and if a donor 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 and reported in the Statement of Activities as net assets released from restrictions. Contributions whose restrictions are fulfilled in the same period in which the contribution is received are reported as contributions with donor restrictions and are also included in net assets released from restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions in the reporting period in which the support is recognized.

Pledges receivable are recorded based on the amount pledged by donors. Pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts are computed using a risk-adjusted interest rates applicable to the years in which the pledges are made.

Retina Foundation of the Southwest

Notes to Financial Statements (Parent Entity)

Year Ended December 31, 2022

Land, Building, and Equipment

Land, building, and equipment are recorded at cost, representing the purchase price at the date of acquisition. Donated property and equipment are recorded at fair value at the date of gift. Depreciation expense is computed using the straight-line method over estimated useful lives of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

Equipment	5 - 10 years
Building and improvements	39 years

The Foundation capitalizes property and equipment with a cost greater than \$5,000 and a useful life of greater than one year. The Foundation reviews the carrying value of long-lived assets to determine if facts and circumstances suggest that they may be impaired or that the depreciation or amortization period may need to be changed. If circumstances indicate the long-lived asset will not be recoverable, the carrying value of the long-lived asset will be reduced. The Foundation does not believe there are any indicators that would require an adjustment of the carrying value of its long-lived assets or their remaining useful lives as of December 31, 2022.

Revenue Recognition

Contributions

Contributions, including unconditional promises to give, are recorded as revenue when the promises are made. All contributions are available for unrestricted use unless specifically restricted by the donor in which case they would be reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Unconditional promises to give due in subsequent years are reported at the present value of their estimated net realizable value and have an implied restriction to be used in the year the payment is due and, therefore, are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions.

Grant Revenue

Grant revenue is recognized when qualifying costs are incurred for cost-reimbursement grants or contracts. Grant revenue from federal agencies is subject to independent audit under the Uniform Grant Guidance and review by grantor agencies. Revenue from grants which have the characteristics of an exchange transaction is recognized when earned (generally as funds are expended for grant purposes) as unrestricted revenue when the related obligations have been satisfied. Revenue from grants that include provisions for payment based upon the achievement of defined milestones is recorded when the defined specific outcome resulting from the Foundation's past performance is achieved and the consideration earned is not at risk of being refunded or adjusted based on actual costs incurred. Grant revenue received in exchange transactions is recognized as deferred revenue to the extent that the earnings process has not been completed.

Functional Allocation of Expenses

The costs of providing the Foundation's programs and supporting services are presented on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the allocation of expenses to program, management and general, and development functions. Expenses that can be identified with a specific program or support services are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted based on square footage and employees per department.

Retina Foundation of the Southwest
Notes to Financial Statements (Parent Entity)
Year Ended December 31, 2022

Management and general expenses include those costs that are not directly identified with a specific program, but which provide for the overall support and direction of the Foundation.

Tax Status

The Foundation has been recognized by the Internal Revenue Service as a nonprofit corporation exempt from federal income tax on its income, under Section 501(c)(3) of the Internal Revenue Code. The Foundation follows the provisions of ASC 740-10, *Income Taxes*, related to unrecognized tax positions. The Foundation recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the taxing authorities, based on the technical merits of the positions. The tax benefits recognized in the financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Foundation does not believe there are any material uncertain tax positions and accordingly, it will not recognize any liability for unrecognized tax benefits. For the years ended December 31, 2022 and 2021, there were no interest or penalties recorded or included in the financial statements. The Foundation is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

The Foundation's informational returns are generally subject to examination for three years after the later of the due date or date of filing. As a result, the Foundation is no longer subject to income tax examinations by tax authorities for years prior to 2019.

Subsequent Events

Management has reviewed events occurring subsequent to December 31, 2022, through the issuance date of the financial statements. During this period, there were no material recognizable subsequent events, except as follows:

Line of Credit to Term Note Agreement

The Foundation entered into a Line of Credit to Term note agreement with a principal amount up to \$700,000 with Amegy Bank on April 22, 2022. On April 22, 2023, the line of credit feature of the loan was discontinued, and no further amounts could be drawn. On this date, the total outstanding balance of \$578,713 under this note was converted to a term loan with payments of principal and interest beginning on May 22, 2023 and maturing on April 22, 2029.

Reclassification

Certain accounts have been reclassified from their original presentation in 2021 to conform to the presentation of the 2022 financial statements. These reclassifications have no effect on prior period change in net assets or total net assets.

Retina Foundation of the Southwest
Notes to Financial Statements (Parent Entity)
Year Ended December 31, 2022

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), a comprehensive new standard that amends various aspects of existing accounting guidance for leases, including the recognition of a right of use asset and a lease liability for leases with duration greater than one year. The guidance is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. This standard can be implemented using a modified retrospective approach, under which provisions are applied to all applicable leases as of the beginning of the earliest period presented, or at the date of adoption with the recognition of a cumulative effect adjustment to the opening balance of net assets in the period of adoption. Early adoption is permitted. The Foundation implemented this standard effective January 1, 2022, with no impact in the current year.

Additionally, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* to increase transparency of contributed nonfinancial assets for nonprofit entities through enhancements to presentation and disclosure. The guidance is effective for fiscal years beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. This standard should be applied on a retrospective basis. Early adoption is permitted. The Foundation implemented this standard effective January 1, 2022, with no impact in the current year.

Note 3. Pledges Receivable

Pledges receivable represent unconditional promises to give. Amounts due in less than one year of \$130,000 and \$177,500 as of December 31, 2022 and 2021, respectively, are stated at net realizable value. Amounts due in one to three years are \$2,500 and \$32,500 as of December 31, 2022 and 2021, respectively, are stated at fair value and net of reserve for uncollectible pledge receivables of \$0, at December 31, 2022 and 2021.

Note 4. Land, Building, and Equipment

Land, building, and equipment as of December 31 are as follows:

	December 31,	
	2022	2021
Land	\$ 250,000	\$ 250,000
Building and improvements	3,404,273	3,404,273
Equipment	2,869,843	2,178,130
	6,524,116	5,832,403
Accumulated depreciation	(2,355,156)	(2,123,916)
	\$ 4,168,960	\$ 3,708,487

Depreciation expense was \$231,239 and \$221,971 for the years ended December 31, 2022 and 2021, respectively.

Retina Foundation of the Southwest
Notes to Financial Statements (Parent Entity)
Year Ended December 31, 2022

Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions include the accumulation of gifts to be invested in perpetuity that are permanently restricted by donors. The income earned on these investments can be spent on the programs for which the donor intended. In addition, net assets with restrictions include contributions with time or purpose restrictions.

Net assets with donor restrictions consist of the following at December 31:

	2022	2021
Pediatric research	\$ 425,731	\$ 451,795
Inherited retinal diseases research	408,214	323,953
Age-related macular degeneration research	3,796,543	3,705,346
Educational programs	50,000	50,000
	\$ 4,680,488	\$ 4,531,094

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were as follows for the years ended December 31:

	2022	2021
Pediatric research	\$ 185,626	\$ 194,554
Inherited retinal diseases research	145,660	126,351
Age-related macular degeneration research	883,094	1,173,696
Administration and development	-	16,870
	\$ 1,214,380	\$ 1,511,471

Note 6. Endowment Fund Net Assets

As of January 1, 2021, the investment balances of the Endowment fund within the Foundation were transferred to RFSW Endowment, Inc. No investment balances remain with the Foundation as of December 31, 2021 or 2022.

December 31, 2021	Without Donor Restriction	With Donor Restrictions		Total
		Purpose Stipulation	Permanent Endowment	
Beginning balance	\$ 2,965,467	\$ 1,328,201	\$ 6,104,070	\$ 10,397,738
Investment income and realized gain	2,509	600	-	3,109
Unrealized loss	30,883	77,343	-	108,226
Amounts appropriated for expenditure	(2,998,859)	(1,406,144)	(6,104,070)	(10,509,073)
Total funds	\$ -	\$ -	\$ -	\$ -

Retina Foundation of the Southwest
Notes to Financial Statements (Parent Entity)
Year Ended December 31, 2022

Note 7. Liquidity

The Foundation has \$2.8 million of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. This consists of cash and cash equivalents of \$7.5 million plus accounts receivable and pledges receivable of \$1.3 million less net restricted cash and other assets of \$6.0 million. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The pledges receivable are subject to implied time restrictions but are expected to be collected within one year. The Foundation has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$1.3 million.

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Foundation may invest cash in excess of daily requirements in various short-term investments, including money market and short-term treasury instruments.

Note 8. Building

In May 2012, the Foundation and an affiliate of Texas Retina Associates (TRA) formed a limited liability corporation (Retina Central, LLC) as equal members to jointly purchase land and building. To finance the acquisition of the land, building and subsequent building improvements, Retina Central, LLC secured a mortgage obligation (including a first lien deed-of-trust and a promissory note) from Amegy Bank National Association (Amegy) through a loan agreement dated May 18, 2012 that was amended effective April 24, 2014.

Concurrent with the purchase of the land and building, Retina Central, LLC executed a Condominium Declaration (the Declaration) for Retina Central Condominium by which the land and building purchased was subjected to a condominium regime. The Declaration provided for the division of the land and building into two equal units plus shared common areas and the Foundation and the TRA affiliate each received a general warranty deed for their respective units from Retina Central, LLC and each executed a second lien deed of trust with security agreement for their respective unit's ownership with Amegy for their portion of the mortgage obligation. As a result of the foregoing, the Foundation and the TRA affiliate record their respective condominium unit ownership on their respective entity's accounting records along with their respective portions of the mortgage obligation from Amegy.

With the establishment of the condominium regime, a Texas not-for-profit corporation was formed, Retina Central Condominium Association (RCCA), with the Foundation and the TRA affiliate each as equal members through ownership of their respective units. The Declaration and RCCA's bylaws require the units to be used or occupied solely for commercial or medical office purposes and related uses, including use as a medical clinic, research and/or a surgery center.

Retina Foundation of the Southwest
Notes to Financial Statements (Parent Entity)
Year Ended December 31, 2022

RCCA joined with Retina Central, LLC as a named borrower on the mortgage obligation. Per the loan agreement, the Foundation made payments on their portion of the mortgage obligation directly to Amegy from capital campaign contributions received. The Foundation paid off the Mortgage Payable balance on April 29, 2019.

RCCA assesses monthly fees for the repair and maintenance and general upkeep of the common areas of the land and building, umbrella insurance, and other expenses defined in the RCCA's bylaws which amounted to \$190,707 and \$149,034 in 2022 and 2021, respectively.

Note 9. Line of Credit

The Foundation entered into a Line of Credit to Term note agreement with a principal amount up to \$700,000 with Amegy Bank on April 22, 2022, in order to purchase an HVAC system. The Line of Credit is secured by the HVAC system. At December 31, 2022, the Foundation had drawn \$373,809, and had a remaining unused credit of \$326,191. The line of credit bears an interest rate of 4%.

Note 10. Retirement Plan

Effective in 1989, the Foundation established a defined contribution plan (the Plan) for all full-time employees of the Foundation with one or more years of service. The Plan provides for employer contributions of amounts determined by the Board of Directors. In 2022 and 2021, the Board of Directors approved \$128,722 and \$120,963 in retirement plan contributions, respectively.

Effective February 15, 2015, the Plan was amended. Employees hired after the effective date are eligible to participate in the plan upon the completion of three months of service. The amended Plan provides automatic employee deferrals of 3% of an employee's compensation subject to the annual dollar limit set by law (unless an employee specifically elects a different deferral amount) and provides for a safe harbor nonelective employer contribution, as defined, of 3% of an employee's compensation. Both employee deferrals and the employer nonelective contribution are 100 % vested at all times. In addition, the Plan provides for a discretionary employer match and profit sharing contribution to be determined annually. Any employer match and/or profit sharing contributions will be subject to a vesting schedule of 20% a year beginning in year two up to 100% in year six.

Note 11. Commitments and Contingencies

In the normal course of business, the Foundation may become party to various claims, litigation and assessments. Management is unaware of any such matters that would have a material impact on the financial statements in the event of an unfavorable outcome.

Retina Foundation of the Southwest
Notes to Financial Statements (Parent Entity)
Year Ended December 31, 2022

Note 12. Concentrations of Risk

The Foundation operates entirely within the Dallas, Texas metropolitan area. Therefore, results of operations are subject to the economic conditions of the area. A significant portion of support and revenue is received from the Department of Health and Human Services (DHHS) and from contributions.

For the years ended December 31, 2022 and 2021, 18% and 24%, respectively, of the total of government grants, contributions and other grants and special events revenue was received from the DHHS and 6% and 13%, respectively, of accounts and grants receivable and pledges receivable were outstanding from the DHHS as of December 31, 2022 and 2021. Of the contributions and non-DHHS grants and special events revenue, 6% and 7% was provided by one foundation in 2022 and 2021, respectively; and 14% of accounts and grants receivable and pledges receivable was from one grantor or clinical trial as of December 31, 2022 and 2021. Continued funding from these sources at current levels is dependent upon various factors. Such factors include economic conditions, compliance with grant provisions, continued government approval, new legislation, donor satisfaction and public perception of mission effectiveness and relative importance.

The Foundation holds cash in various financial institutions which are insured by the FDIC. As of December 31, 2022 and 2021, cash balances exceed FDIC limits by approximately \$1,180,000 and \$1,817,000, respectively. The Foundation deposits its cash with highly quality financial institutions, and management believes the Foundation is not exposed to significant credit risk on those amounts.

Note 13. Related Party Transactions

In addition to the transactions discussed in Note 8, the Foundation contracted with TRA to provide research services and incurred \$228,708 and \$140,804 in expenses in 2022 and 2021, respectively and owed TRA \$41,391 and \$32,790 for these services as of December 31, 2022 and 2021, respectively. TRA also made \$24,000 contributions to the Foundation in both 2022 and 2021.

During 2021, the Foundation transferred \$10,509,073 to the RFSW Endowment, Inc. (the Endowment). The Endowment subsequently transferred endowment distributions totaling \$399,985 and \$386,631, in 2022 and 2021, respectively, back to the Foundation. The relationship between the Foundation and Endowment is more fully described in Note 15.

Retina Foundation of the Southwest

Notes to Financial Statements (Parent Entity)

Year Ended December 31, 2022

Note 14. Nonprimary Beneficiary Holder of a Variable Interest in a Variable Interest Entity

As noted in Note 8, the Foundation is a 50% owner of Retina Central, LLC, and 50% owner of Retina Central Condominium Association, Inc. (RCCA). The sole manager of Retina Central LLC is the CEO of the other 50% owner, an affiliate of Texas Retina Associates (TRA). The Foundation holds a variable interest in a variable interest entity (Retina Central LLC), but is not the primary beneficiary. RCCA and Retina Central LLC have historically accounted for the Foundation and the TRA affiliate based on the Foundation's and the TRA affiliate's activity in the two entities (like a partnership) versus a direct 50% split in the income and expenses.

Therefore the carrying amounts and classification of the assets and liabilities in the Foundation's statement of financial position that relate to the Foundation's variable interest in Retina Central LLC represent the Foundation's proportional share. There are some income and expenses in Retina Central that are accounted for by the Foundation as equity investments in Retina Central LLC of \$(18,934) and \$63,016 at December 31, 2022 and 2021, respectively, and are included in Accounts and Grants Receivable on the statement of financial position.

As a result of the above, the Foundation's maximum exposure to loss as a result of its involvement with Retina Central LLC is 50% of the overall outstanding debt. The overall carrying amounts recorded in the Statements of Financial Position and the Foundation's maximum exposure is as follows:

	Year ended December 31,	
	2022	2021
Carrying amount:		
Land, building	\$ 3,654,273	\$ 3,654,273
Mortgage payable	-	-
	Year ended December 31,	
	2022	2021
Maximum exposure:		
50% of entire land, building	\$ 2,455,726	\$ 2,520,649
50% of entire mortgage payable	568,093	623,517

Retina Foundation of the Southwest
Notes to Financial Statements (Parent Entity)
Year Ended December 31, 2022

Note 15. RFSW Endowment, Inc. and Summarized Consolidating Financial Statement Information

RFSW Endowment, Inc. (the Endowment) was incorporated effective January 1, 2021. The Endowment is organized and shall be operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Code. The Endowment shall be operated exclusively to support and benefit Retina Foundation of the Southwest (the Foundation). The Endowment is organized and operated to hold, manage and invest endowment funds for the benefit of the Foundation. The Endowment may, among other things: receive, hold in trust as trustee, manage, convey and dispose of property; issue charitable gift annuities; invest, reinvest, manage and administer funds; conduct other activities not in contravention of the Texas Business Organizations Code necessary to or appropriate to carry out the foregoing purposes.

Under accounting principles generally accepted in the United States of America, the Foundation is presumed to have control of the Endowment through its interrelationship with the Endowment's board of directors and its economic interest in the Endowment. As a result, consolidated financial statements of the Foundation and the Endowment are required. If the financial statements of the Foundation had been consolidated with those of the Endowment, summarized consolidating financial information would be presented as follows:

As of and for the year ended December 31, 2022:

	<u>Foundation</u>	<u>Endowment</u>	<u>Eliminations</u>	<u>Total</u>
Total assets	\$ 13,298,686	\$ 9,048,434	\$ -	\$ 22,347,120
Total liabilities	1,040,287	-	-	1,040,287
Net assets	<u>12,258,399</u>	<u>9,048,434</u>	<u>-</u>	<u>21,306,833</u>
Total liabilities and net assets	<u>\$ 13,298,686</u>	<u>\$ 9,048,434</u>	<u>-</u>	<u>\$ 22,347,120</u>
	<u>Foundation</u>	<u>Endowment</u>	<u>Eliminations</u>	<u>Total</u>
Total support and revenue (loss)	\$ 5,699,927	\$ (1,598,296)	\$ (399,985)	3,701,646
Total expenses	5,597,150	431,181	(399,985)	5,628,346
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	102,777	(2,029,477)	-	(1,926,700)
Net assets, beginning of year	<u>12,155,622</u>	<u>11,077,911</u>	<u>-</u>	<u>23,233,533</u>
Net assets, end of year	<u>\$ 12,258,399</u>	<u>\$ 9,048,434</u>	<u>\$ -</u>	<u>\$ 21,306,833</u>

Retina Foundation of the Southwest
Notes to Financial Statements (Parent Entity)
Year Ended December 31, 2022

As of and for the year ended December 31, 2021:

	<u>Foundation</u>	<u>Endowment</u>	<u>Eliminations</u>	<u>Total</u>
Total assets	\$ 12,529,577	\$ 11,077,911	\$ -	\$ 23,607,488
Total liabilities	373,955	-	-	373,955
Net assets	<u>12,155,622</u>	<u>11,077,911</u>	<u>-</u>	<u>23,233,533</u>
Total liabilities and net assets	<u>\$ 12,529,577</u>	<u>\$ 11,077,911</u>	<u>-</u>	<u>\$ 23,607,488</u>
	<u>Foundation</u>	<u>Endowment</u>	<u>Eliminations</u>	<u>Total</u>
Total support and revenue (loss)	\$ 5,432,542	\$ 998,680	\$ (386,631)	\$ 6,044,591
Total expenses	15,416,638	429,842	(10,895,704)	4,950,776
Total transfers	<u>-</u>	<u>10,509,073</u>	<u>(10,509,073)</u>	<u>-</u>
Changes in net assets	(9,984,096)	11,077,911	-	1,093,815
Net assets, beginning of year	<u>22,139,718</u>	<u>-</u>	<u>-</u>	<u>22,139,718</u>
Net assets, end of year	<u>\$ 12,155,622</u>	<u>\$ 11,077,911</u>	<u>\$ -</u>	<u>\$ 23,233,533</u>

Supplementary Information



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Retina Foundation of the Southwest

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Retina Foundation of the Southwest (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, and have issued our report thereon dated September 22, 2023, which included a qualified opinion on those financial statements as described in our report.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

The Board of Directors of
Retina Foundation of the Southwest

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
September 22, 2023



**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance in Accordance with the Uniform Guidance**

To the Board of Directors of
Retina Foundation of the Southwest

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Retina Foundation of the Southwest's (the Foundation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2022. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Board of Directors of
Retina Foundation of the Southwest

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
September 22, 2023

Retina Foundation of the Southwest
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2022

Section 1. Summary of Auditor's Results

Financial Statements

A qualified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	___X___ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	___X___ None Reported
Noncompliance material to financial statements noted?	_____ Yes	___X___ No

Federal Awards

An unmodified opinion was issued on compliance for major programs.

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	___X___ No
Significant deficiencies identified that are not considered to be material weakness(es)?	_____ Yes	___X___ None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	___X___ No

Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Program Title</u>
93.867	Research and Development Cluster (Vision Research)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	_____ Yes	___X___ No
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Retina Foundation of the Southwest
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section 2. Financial Statement Findings

None

Section 3. Federal Award Findings and Questioned Costs

None

Section 4. Schedule of Prior Year Findings and Questioned Costs

None

Retina Foundation of the Southwest
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Research and Development Cluster			
U.S. Department of Health and Human Services			
National Institutes of Health Direct			
programs from:			
National Eye Institute	93.867		\$ 626,916
National Institutes of Health pass-through			
programs from:			
Columbia University New York Morningside	93.867	5R01EY009076-25A1	146,980
Rebiscan Inc.	93.867	5R44EY027633-03	<u>172,937</u>
Total U.S. Departmental of Health and Human Services			<u>946,833</u>
Total Research and Development Cluster			<u>946,833</u>
Total Expenditures of Federal Awards			<u><u>\$ 946,833</u></u>

The accompanying notes are an integral part of this schedule.

Retina Foundation of the Southwest
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Foundation under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Foundation has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.