



**BrightFocus™
Foundation**

Cure in Mind. Cure in Sight.

Consolidated Financial Statements

For the Year Ended March 31, 2024

(With Summarized Financial Information for the Year Ended March 31, 2023)



**and
Report Thereon**



BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

TABLE OF CONTENTS
For the Year Ended March 31, 2024

	<i>Page</i>
Independent Auditors' Report.....	1-2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows.....	6
Notes to Consolidated Financial Statements.....	7-21



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
BrightFocus Foundation and Subsidiaries

Opinion

We have audited the consolidated financial statements of the BrightFocus Foundation and Subsidiaries (collectively referred to as BrightFocus), which comprise the consolidated statement of financial position as of March 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of BrightFocus as of March 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, 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 BrightFocus' 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 BrightFocus' ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited BrightFocus' 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated financial statements in our report dated July 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Marcum LLP

Washington, DC
September 26, 2024

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2024
(With Summarized Financial Information as of March 31, 2023)

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,208,684	\$ 3,505,759
Short-term investments	2,137,506	589,148
Pledges receivable, current portion	667,457	350,000
Charitable lead trusts, current portion	707,000	920,000
Bequests receivable	2,039,773	1,558,891
Prepaid expenses and other current assets	1,050,440	267,567
Assets held for sale, net	3,593,811	-
Total Current Assets	17,404,671	7,191,365
Investments	39,021,685	39,542,541
Pledges receivable, net of current portion	-	324,075
Charitable lead trusts, net of current portion	2,498,000	3,060,000
Property and equipment, net	4,253,473	4,492,688
Rental property	-	3,635,591
Other assets	286,823	380,217
TOTAL ASSETS	\$ 63,464,652	\$ 58,626,477
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 2,610,335	\$ 1,135,271
Contract liability	-	116,500
Research grants payable, current portion	14,459,041	18,597,837
Charitable gift annuities, current portion	89,166	94,925
Total Current Liabilities	17,158,542	19,944,533
Research grants payable, net of current portion	10,532,417	14,522,088
Charitable gift annuities, net of current portion	447,184	489,617
Line of credit	9,000,000	-
Other liabilities	107,772	108,471
TOTAL LIABILITIES	37,245,915	35,064,709
Net Assets		
Without donor restrictions	12,270,789	10,360,299
With donor restrictions	13,947,948	13,201,469
TOTAL NET ASSETS	26,218,737	23,561,768
TOTAL LIABILITIES AND NET ASSETS	\$ 63,464,652	\$ 58,626,477

The accompanying notes are an integral part of these consolidated financial statements.

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2024
(With Summarized Financial Information for the Year Ended March 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
REVENUE AND SUPPORT				
Contributions and grants	\$ 864,118	\$ 34,534,818	\$ 35,398,936	\$ 36,497,018
Donated services	-	24,713,985	24,713,985	25,308,680
Bequests	1,114,576	6,609,401	7,723,977	6,712,019
Investment income (loss), net	4,334,084	-	4,334,084	(2,734,726)
Other	-	888,740	888,740	1,524,510
Rental income, net	-	468,286	468,286	565,621
Special events	314,290	-	314,290	306,298
Less: cost of direct benefit to attendees	(398,470)	-	(398,470)	(346,131)
 Net assets released from restrictions:				
Satisfaction of program restrictions	66,468,751	(66,468,751)	-	-
TOTAL REVENUE AND SUPPORT	72,697,349	746,479	73,443,828	67,833,289
 EXPENSES				
Program Services:				
Health Information Services	36,918,963	-	36,918,963	38,005,429
Research	16,726,383	-	16,726,383	19,470,768
Total Program Services	53,645,346	-	53,645,346	57,476,197
 Supporting Services:				
Fundraising	12,200,813	-	12,200,813	11,444,899
Management and general	4,940,700	-	4,940,700	4,370,300
Total Supporting Services	17,141,513	-	17,141,513	15,815,199
TOTAL EXPENSES	70,786,859	-	70,786,859	73,291,396
CHANGE IN NET ASSETS	1,910,490	746,479	2,656,969	(5,458,107)
NET ASSETS, BEGINNING OF YEAR	10,360,299	13,201,469	23,561,768	29,019,875
NET ASSETS, END OF YEAR	\$ 12,270,789	\$ 13,947,948	\$ 26,218,737	\$ 23,561,768

The accompanying notes are an integral part of these consolidated financial statements.

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended March 31, 2024
(With Summarized Financial Information for the Year Ended March 31, 2023)

	Program Services			Supporting Services			2024 Total	2023 Total
	Health Information Services	Research	Total Program Services	Fundraising	Management and General	Total Supporting Services		
Printing, publications and media	\$ 28,346,523	\$ 367,879	\$ 28,714,402	\$ 3,997,324	\$ 456,103	\$ 4,453,427	\$ 33,167,829	\$ 34,169,214
Grants	-	10,831,311	10,831,311	-	-	-	10,831,311	14,054,439
Postage and delivery	3,931,944	92,999	4,024,943	3,898,941	525,953	4,424,894	8,449,837	8,080,670
Salaries and related expenses	1,249,410	2,374,895	3,624,305	1,096,925	2,155,440	3,252,365	6,876,670	6,407,743
Computer and mailing services	1,186,571	343,248	1,529,819	1,085,750	304,253	1,390,003	2,919,822	3,091,457
Professional fees	966,893	587,377	1,554,270	921,862	359,156	1,281,018	2,835,288	2,981,867
Travel, meetings and symposia	107,736	1,540,652	1,648,388	81,829	52,569	134,398	1,782,786	1,025,346
Mailing list rental	754,899	-	754,899	790,654	102,155	892,809	1,647,708	1,582,666
Office-related expenses	125,625	250,105	375,730	201,626	817,890	1,019,516	1,395,246	846,651
Depreciation and amortization	138,399	185,830	324,229	79,746	207,080	286,826	611,055	491,564
Occupancy and utilities	110,963	152,087	263,050	46,156	150,353	196,509	459,559	588,900
Total Expenses by Function	36,918,963	16,726,383	53,645,346	12,200,813	5,130,952	17,331,765	70,977,111	73,320,517
Less expenses shown net of revenue and support on statement of activities	-	-	-	-	(190,252)	(190,252)	(190,252)	(29,121)
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 36,918,963	\$ 16,726,383	\$ 53,645,346	\$ 12,200,813	\$ 4,940,700	\$ 17,141,513	\$ 70,786,859	\$ 73,291,396

The accompanying notes are an integral part of these consolidated financial statements.

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2024
(With Summarized Financial Information for the Year Ended March 31, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,656,969	\$ (5,458,107)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	611,055	491,564
Realized losses (gains) on investments	(3,904,034)	1,150,453
Unrealized losses on investments	94,500	2,139,405
Changes in fair value of charitable lead trusts	(15,944)	230,515
Change in present value of charitable gift annuities	8,647	(91,235)
Donated services revenue	(24,713,985)	(25,308,680)
Donated services expense	24,713,985	25,308,680
Changes in assets and liabilities:		
Pledges receivable	6,618	(674,075)
Charitable lead trusts	790,944	1,059,485
Bequests receivable	(480,882)	(585,199)
Prepaid expenses and other current assets	(782,873)	91,824
Other assets	93,394	113,818
Accounts payable and accrued expenses	1,444,564	388,822
Contract liability	(116,500)	(32,000)
Research grants payable	(8,128,467)	(1,745,926)
Other liabilities	(699)	(11,712)
NET CASH USED IN OPERATING ACTIVITIES	(7,722,708)	(2,932,368)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	54,207,314	13,781,625
Purchases of investments	(49,876,924)	(11,410,359)
Purchases of property and equipment	(299,560)	(342,760)
NET CASH PROVIDED BY INVESTING ACTIVITIES	4,030,830	2,028,506
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings on line of credit	9,000,000	-
Contributions invested for gift annuity purposes	45,002	20,000
Payments to charitable gift annuitants	(101,841)	(100,297)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	8,943,161	(80,297)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,251,283	(984,159)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,094,907	5,079,066
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 9,346,190	\$ 4,094,907
RECONCILIATION OF CASH AND CASH EQUIVALENTS, AS PRESENTED ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 7,208,684	\$ 3,505,759
Short-term investments – money market funds	2,137,506	589,148
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 9,346,190	\$ 4,094,907
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Equipment acquired under a finance lease	\$ 30,500	\$ 115,968
Interest paid	\$ 285,086	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2024

1. Organization and Summary of Significant Accounting Policies

Organization

The BrightFocus Foundation is a not-for-profit organization that was incorporated in the District of Columbia in 1973 under the name American Health Assistance Foundation. The name BrightFocus Foundation with the associated tagline, "Cure in Mind. Cure in Sight.", was chosen in 2013 to better communicate the organization's renewed and urgent mission to fund exceptional scientific research worldwide to defeat Alzheimer's disease, macular degeneration, and glaucoma and provide expert information on these heartbreaking diseases.

BrightFocus Foundation's Health Information Services and Research programs are funded primarily by contributions and grants from individuals which are used for the three core programs: Alzheimer's Disease Research, Macular Degeneration Research and National Glaucoma Research.

National Development, LLC (NDLLC) is a limited liability company created by BrightFocus Foundation and incorporated in Maryland in 1999. NDLLC was organized to acquire, own, invest in, develop, hold, operate, manage, lease, sell, mortgage and/or lease property, including the construction and operation of a commercial building on land donated to the BrightFocus Foundation.

American Health Assistance, LLC (AHALLC) is a limited liability company created by the BrightFocus Foundation and incorporated in Maryland in 2000. AHALLC owns the land and building on the property where BrightFocus Foundation is located. AHALLC was organized to operate the building on the property.

Principles of Consolidation

The consolidated financial statements include the BrightFocus Foundation and its wholly owned subsidiaries, NDLLC and AHALLC (collectively referred to as BrightFocus). All intercompany balances and transactions have been eliminated in consolidation.

Cash Equivalents

BrightFocus considers highly liquid money market funds to be cash equivalents.

Investments

Investments are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Unrealized gains or losses on investments are determined by the change in fair value at the beginning and end of the reporting period and are included in investment income in the accompanying consolidated statement of activities. Dividend income is recognized on the ex-dividend date while interest income is recognized on the accrual basis. Realized gains and losses on sales of investments are computed on an average cost method and are recorded on the trade date of the transaction and included in investment income in the accompanying consolidated statement of activities.

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

1. Organization and Summary of Significant Accounting Policies (continued)

Investments (continued)

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Fair Value Measurement

In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, BrightFocus has categorized its applicable financial instruments into a required fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby the market participant assumptions are developed based on market data obtained from independent sources, or unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs based on quoted prices in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

Property and Equipment and Related Depreciation and Amortization

Property and equipment includes the land and building where BrightFocus is located, as well as other property and equipment, and is stated at cost. The building of BrightFocus is being depreciated using the straight-line method over an estimated useful life of 39 years. Office furniture and equipment, automobile, and computer equipment and software are being depreciated using the straight-line method over useful lives of three to five years. BrightFocus capitalizes property and equipment with a cost of \$2,000 or more and an economic life in excess of one year. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of the assets, the cost and accumulated depreciation and amortization are eliminated from the respective accounts and the resulting gain or loss is included in revenue and support or expenses.

Rental Property and Assets Held for Sale

Rental property consists of land located in Norfolk, Virginia, that was donated to BrightFocus in June 1999 on which there are long-term ground leases and a building received from a tenant by default of lease terms in March 2002. The property and any proceeds from rents are restricted for the National Glaucoma Research program and the property could not be sold until after

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

1. Organization and Summary of Significant Accounting Policies (continued)

Rental Property and Assets Held for Sale (continued)

February 2023. The land was recorded based on its appraised value at the date of donation. The building was recorded at fair value on the date title was assumed and is being depreciated using the straight-line method over an estimated useful life of 39 years.

During the year ended March 31, 2024, BrightFocus' Board of Directors approved a plan to sell the land associated with the rental property located in Virginia. Assets held for sale are reported at the lower of the asset's carrying value or fair value less cost to sell and are not depreciated. No impairment was recognized, as the estimated fair value of the land less the costs to sell exceed the carrying value, and as such, the asset held for sale is reported at carrying value.

Impairment of Long-Lived Assets

BrightFocus reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no impairment losses recognized for the year ended March 31, 2024.

Research Grants

Unconditional research grants are recognized as program service expenses in the year when the Board of Directors awards the grant to the grantees. Grants awarded by the Board of Directors are often paid over several years. Amounts awarded but unpaid as of the end of the fiscal year are accrued as research grants payable in the accompanying consolidated statement of financial position.

Classification of Net Assets

BrightFocus' net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of BrightFocus at the discretion of BrightFocus' management and the Board of Directors.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of BrightFocus or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Revenue Recognition

Unconditional contributions and grants are recorded as revenue and support when received or unconditionally promised. Wills are recorded as bequests revenue when the probate courts declare the wills valid and the proceeds are measurable. In cases in which a will's approval is required by state government authorities, bequests revenue is recognized after final approval.

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Irrevocable split-interest agreements, including charitable remainder trusts, charitable lead trusts and perpetual trusts, are recorded as revenue and support when the trust agreements are executed. Revenue from split-interest agreements is based on the present value of the expected cash flows to be received by BrightFocus. Revenue recognized on unconditional contributions that have been committed to BrightFocus, but have not been received, is reflected as pledges receivable in the accompanying consolidated statement of financial position. BrightFocus reports unconditional gifts of cash and other assets as donor restricted revenue and support if they are received with donor stipulations that limit the use of the donated assets to one of the three programs of BrightFocus. When a donor restriction expires, that is, when the purpose of the restriction is accomplished or when a stipulated time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

BrightFocus records the excess of cash received for special events over the cost of direct benefits to donors as contribution revenue when unconditionally pledged.

Other income consists of mailing list royalty income and returned grants. Mailing list royalty income is recognized as revenue at the point in time that payments are received from the third party. Return of previously granted funds are recognized as other income when returned.

Rental income is recognized as revenue on a straight-line basis over the life of the lease.

Special events revenue is recognized in the period in which the event takes place.

Donated Services

BrightFocus receives donated public service announcements (PSA) which have been reflected in the accompanying financial statements based on the cost of the PSA or airtime for the respective station. Donated PSAs are used in program services. There are no donor-imposed restrictions associated with the donated PSAs.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Expenses directly attributed to a specific functional area of BrightFocus are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Occupancy expense is allocated based on square footage, joint costs are allocated based on the relevant materials, and other shared costs such as personnel, finance and technology are allocated based on time spent.

Accordingly, certain costs have been allocated among the programs and supporting services benefited. Where both program and fundraising materials are developed, printed, and mailed jointly, management allocates a portion of the related costs among Health Information Services, Research, management and general, and fundraising expense, based on the related materials.

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses (continued)

The programs and supporting services are described as follows:

Health Information Services – Expenses incurred to further the vision of BrightFocus for a world free from diseases of mind and sight through educating the general population about potential causes, treatments, preventions and cures and encouraging the public to participate in the program outreach of BrightFocus, which includes the following:

Risk Factors and Symptom Recognition – Establishing and increasing public awareness of the risk factors and symptoms of diseases affecting mind and sight, and the actions the public can or should take to reduce risk and in response to such symptoms.

Lifestyle Choices – Establishing and increasing public awareness of lifestyle choices that promote good health and the actions that the public can or should take to reduce the likelihood of the onset of diseases affecting mind and sight.

Societal Information and Managing the Diseases – Increasing public awareness of current preventative measures, research and treatments which may reduce the risks and control diseases affecting mind and sight. In addition, increasing public awareness of the actions that can be taken to assist victims of diseases affecting mind and sight, their families, and their caregivers.

Research – Expenses incurred to facilitate research and investigation seeking causes, treatment and cures of diseases affecting mind and sight.

Fundraising – Expenses incurred for the purpose of raising funds.

Management and general – All other operating expenses incurred by BrightFocus in the accomplishment of its tax-exempt purposes.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2024

2. Investments

Investments consisted of the following as of March 31, 2024:

Short-term investments:	
Money market funds	<u>\$ 2,137,506</u>
Long-term investments:	
Equity mutual funds	16,314,564
Government-sponsored entity bonds	11,546,153
Venture capital managed funds	4,066,907
Private equity managed funds	3,717,628
Leverage loan index fund	2,229,156
Fixed-income mutual funds	560,242
Equity exchange-traded fund	479,410
Fixed-income exchange traded fund	<u>107,625</u>
Total Long-Term Investments	<u>39,021,685</u>
Total Investments	<u>\$41,159,191</u>

A summary of investment income is as follows for the year ended March 31, 2024:

Interest and dividends	\$ 798,300
Realized gains, net	3,904,034
Unrealized losses, net	(94,500)
Management fees	<u>(273,750)</u>
Investment Loss, Net	<u>\$ 4,334,084</u>

3. Bequests and Trusts Receivable

As of March 31, 2024, bequests receivable totaled \$2,039,773 and consisted of unconditional wills and trusts.

As of March 31, 2024, charitable lead trusts consist of charitable lead trust agreements from one donor that are irrevocable and administered by a trustee or fiscal agent. Distributions are to be made to BrightFocus (lead trusts) during the terms of the agreements, which vary in length up to an estimated maximum of 11 years from March 31, 2024. The expected future cash inflows from the trusts have been recorded at present value based on a discount rate of 6.5%, resulting in a total receivable of \$3,205,000. For the year ended March 31, 2024, the change in value of these charitable lead trusts amounted to \$15,944 and is included in bequest revenue in the accompanying consolidated statement of activities.

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2024

3. Bequests and Trusts Receivable (continued)

As of March 31, 2024, bequests and trusts were expected to be received as follows:

Less than one year	\$ 2,746,773
One to five years	2,448,016
More than five years	<u>685,984</u>
Total Bequests and Trusts Receivable	5,880,773
Less: Discount	<u>(636,000)</u>
Bequests and Trusts Receivable, Net	<u>\$ 5,244,773</u>

BrightFocus is also the recipient of beneficial interests in portions of two trusts for which the principal must remain intact in perpetuity and only the earnings are to be spent. The value of the trusts is \$286,823, which is included in other assets in the accompanying consolidated statement of financial position.

In addition, as of March 31, 2024, BrightFocus was aware of approximately \$466,000 of wills and trusts which, as of the end of the fiscal year, had not received final approval by state authorities or had other unmet conditions and, therefore, are not recognized as receivables or revenue and support in the accompanying consolidated financial statements.

4. Fair Value Measurement

The following table summarizes the assets of BrightFocus measured at fair value on a recurring basis as of March 31, 2024:

<u>Assets</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Equity mutual funds:				
Large cap blend	\$ 14,244,904	\$ 14,244,904	\$ -	\$ -
Mid cap blend	1,071,452	1,071,452	-	-
Japan cap blend	745,037	745,037	-	-
All cap blend	<u>253,171</u>	<u>253,171</u>	<u>-</u>	<u>-</u>
Total Equity Mutual Funds	16,314,564	16,314,564	-	-
Government-sponsored entity bonds	11,546,153	-	11,546,153	-

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2024

4. Fair Value Measurement (continued)

<i>(Continued)</i> Assets	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments (continued):				
Leveraged loan index fund	2,229,156	-	2,229,156	-
Fixed-income mutual funds	560,242	560,242	-	-
Equity exchange-traded funds	479,410	479,410	-	-
Fixed-income exchange- traded fund	<u>107,625</u>	<u>107,625</u>	<u>-</u>	<u>-</u>
Investments included in in fair value hierarchy	31,237,150	17,461,841	13,775,309	-
Charitable lead trusts	3,205,000	-	-	3,205,000
Perpetual trust	<u>286,823</u>	<u>-</u>	<u>-</u>	<u>286,823</u>
Assets included in In fair value hierarchy	34,728,973	<u>\$ 17,461,841</u>	<u>\$ 13,775,309</u>	<u>\$ 3,491,823</u>
Investments measured at NAV:				
Venture capital managed fund	4,066,907			
Private equity managed fund	<u>3,717,628</u>			
Total Alternative Investments	7,784,535			
Money market funds	<u>2,137,506</u>			
Total Assets	<u>\$ 44,651,014</u>			

BrightFocus used the following methods and significant assumptions to estimate fair value for assets measured at fair value:

Equity and fixed-income mutual funds, government-sponsored entity bonds, leveraged loan index fund, equity and fixed-income exchange-traded funds – Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity and fixed-income mutual funds and equity and fixed-income exchange-traded funds. If quoted market prices are not available, then fair values are estimated using pricing models, such as matrix pricing, quoted prices of

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2024

4. Fair Value Measurement (continued)

securities with similar characteristics or discounted cash flows. These instruments, which would generally be classified within Level 2 of the valuation hierarchy, include government-sponsored entity bonds and leveraged loan index fund.

Charitable lead and perpetual trust agreements – The expected future cash inflows from the charitable lead trusts are based on the fair value of the investments, future expected investment returns, and have been recorded at present value based on a discount rate of 6.5%. The perpetual trusts are recorded at the present value of the future distributions expected to be received over the terms of the agreements. The value of these trusts is based on unobservable inputs and is classified within Level 3 of the fair value hierarchy.

BrightFocus used NAV or its equivalent to determine the fair value of its alternative investments funds. The following table sets forth a summary of BrightFocus investments with a reported NAV as of March 31, 2024:

<u>Strategy</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Alternative investments:				
Venture capital fund ^(a)	\$ 4,066,907	\$ 3,185,000	Every 2 years	90 days
Private equity fund ^(b)	<u>3,717,628</u>	<u>3,500,000</u>	Every 2 years	90 days
Total	<u>\$ 7,784,535</u>	<u>\$ 6,685,000</u>		

(a) The investment objective of the fund is to achieve long-term capital appreciation by investing in a mature portfolio consisting of investment funds, discretionary accounts, and investment partnerships focused on venture capital exposures.

(b) The investment objective of the fund is to achieve long-term capital appreciation by investing in a mature portfolio consisting of investment funds, discretionary accounts, and investment partnerships focused on private equity exposures.

The funds are perpetual investment vehicles with an indefinite term. Each limited partner has the option to continue or discontinue participation in the ongoing program with respect to all or a portion of its interest through the funds withdrawal provisions on a two-year basis, initially at year-end (December 31st) of the calendar year in which the limited partner has held its interest for two full years and then on each two-year anniversary thereafter.

5. Assets Held for Sale

During fiscal year 2024, BrightFocus' Board of Directors approved a plan to sell the land associated with the rental property located in Virginia. As part of the plan, the land was subdivided into four distinct properties and each individual property is to be sold. These properties were classified as assets held for sale in the statement of financial position and totaled \$3,593,811 as of March 31, 2024.

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2024

5. Assets Held for Sale (continued)

Below lists the status of each property as of September 26, 2024:

- (a) An Agreement for the Purchase and Sale of Property was entered into on September 19, 2023, and amended on December 12, 2023 and April 26, 2024, to sell the property for \$6,800,000. The sale is pending settlement.
- (b) An Agreement for the Purchase and Sale of Property was entered into on January 22, 2024 to sell the property for \$2,100,000. The sale is pending settlement.
- (c) An Agreement for the Purchase and Sale of Property was entered into on February 2, 2024 to sell the property for \$1,600,000. The sale is pending settlement.
- (d) The sale of the fourth property is probable, and transfer of the asset is expected to qualify for recognition as a completed sale within one year of statement of financial position date.

6. Property and Equipment

Property and equipment was as follows as of March 31, 2024:

Land	\$ 1,147,363
Buildings	5,422,722
Computer equipment and software	1,811,316
Office furniture	216,753
Office equipment	176,441
Right-of-use asset	110,407
Automobile	<u>20,500</u>
Total Property and Equipment	8,905,502
Less: Accumulated Depreciation and Amortization	<u>(4,652,029)</u>
Property and Equipment, Net	<u>\$ 4,253,473</u>

Depreciation and amortization expense totaled \$611,055 for the year ended March 31, 2024.

7. Research Grants

BrightFocus awards annual research grants that cover periods of one to three fiscal years. As of March 31, 2024, \$24,991,458 was payable for research grants that have been awarded by the Board of Directors. Of the total grants payable, \$14,459,041 has been scheduled for payment by BrightFocus within the next year, with the remaining balance of \$10,532,417 (net of the present value discount of \$520,284) due to be paid out no later than fiscal year 2026. The average discount rate used was 4.67%.

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

8. Charitable Gift Annuities

BrightFocus has charitable gift annuity agreements with individuals. Under the terms of the agreements, BrightFocus receives cash, which can be donor-restricted for one of three disease-related programs, in exchange for a survivor annuity agreement. BrightFocus is obligated to make monthly, quarterly, semi-annual or annual payments for each individual's lifetime. BrightFocus records the liability at the present value of the expected future cash flows based on the donor's life expectancy.

As of March 31, 2024, the present value of the annuity payments totaled \$536,350, which is based on various life expectancies and has discount rates of 0.4% to 8%. Of the total annuity liability, \$89,166 is scheduled for payment within the next year, with the remaining balance of \$447,184 payable in subsequent years. The liability is supported by investments of BrightFocus. In addition, various state laws require BrightFocus to maintain additional reserves for the charitable annuities. As of March 31, 2024, BrightFocus had \$1,198,624 in segregated accounts invested in equity and fixed-income mutual funds, corporate bonds and money market funds for the payment of these liabilities, which includes the additional reserves required by the various state laws. During the year ended March 31, 2024, BrightFocus received \$45,002 in gift annuities.

9. Line of Credit

In April 2020, BrightFocus entered into an unsecured \$5,000,000 line of credit agreement with a bank with a maturity of March 31, 2024. The interest rate was based on the lender's prime rate, which was 8.50% as of March 31, 2024. There were no borrowings from this line of credit during the year ended March 31, 2024. On March 30, 2023, the maturity date was extended to September 30, 2024. All other terms of the line of credit agreement remain the same.

In April 2024, BrightFocus entered into a \$12,000,000 line of credit agreement with a maturity of May 31, 2025 and is secured by the investments held with the financial institution. The interest rate is based on a variable secured overnight financing rate plus 1.15%, which was 6.47% as of March 31, 2024. Interest is paid monthly. BrightFocus borrowed \$9,000,000 from this line of credit during the year ended March 31, 2024 and \$3,000,000 remained available for borrowing. BrightFocus recognized \$335,181 in interest expense during the year ended March 31, 2024, which is included in office-related expenses in the consolidated statement of functional expenses. BrightFocus intends to renew the line of credit prior to its maturity date with similar terms.

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

10. Net Assets With Donor Restrictions

As of March 31, 2024, net assets with donor restrictions were restricted for the following purposes:

Subject to expenditure for future periods	\$ 221,241
Subject to expenditure for specified purpose:	
Alzheimer's Disease Research	5,532,234
Macular Degeneration Research	4,313,837
National Glaucoma Research	<u>3,593,813</u>
Total Subject to Expenditure for Specified Purpose	13,439,884
Subject to donor restriction in perpetuity:	
Alzheimer's Disease Research – Perpetual Trusts	<u>286,823</u>
Total Net Assets With Donor Restrictions	<u>\$ 13,947,948</u>

BrightFocus has recorded \$286,823 that consist of shares of two perpetual trusts which are included in other assets in the accompanying consolidated statement of financial position. These perpetual trusts are held as permanent endowments. The earnings on these endowments are available for Alzheimer's Disease Research programs and are recorded as donor restricted and included as part of bequests on the consolidated statement of activities and released as spent.

11. Availability of Resources and Liquidity

BrightFocus regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to preserve the principal and return on the investment of its funds. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, state required annuity reserves, and perpetual trusts. BrightFocus' financial assets available within one year of the statement of financial position date for general expenditures at March 31, 2024, are as follows:

Cash and cash equivalents	\$ 7,208,684
Pledges receivable, current portion	667,457
Charitable lead trusts, current portion	707,000
Bequests receivable	2,039,773
Investments	<u>33,374,656</u>
Total Financial Assets Available Within One Year	43,997,570
Less:	
Amounts unavailable for general expenditures within one year due to:	
Restricted by donors with purpose restrictions	(6,839,036)
Amounts unavailable to management:	
Investments held in state required annuity reserves	<u>(1,198,624)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 35,959,910</u>

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

11. Availability of Resources and Liquidity (continued)

BrightFocus has various sources of liquidity at its disposal, including cash and cash equivalents and investments which are available for general expenditures, and to meet its obligations as they come due. Management is focused in sustaining the financial liquidity of BrightFocus throughout the year. This is done through monitoring and reviewing BrightFocus' cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of BrightFocus' cash flow related to BrightFocus' various funding sources and is, therefore, able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds, fixed income and equity securities. BrightFocus can liquidate most of its investments anytime and therefore these investments are available to meet current cash flow needs. In addition, BrightFocus has \$8 million in available borrowings on its lines of credit available for further source of liquidity as needed (see Note 9). BrightFocus is also expected to receive approximately \$10,500,000 from the sales of the rental properties within the next year (see Note 5) for further sources of liquidity as needed.

12. Donated Services

Radio and televised PSA airtime has been donated to BrightFocus to educate the general public about potential causes, treatments, prevention and cures of diseases affecting mind and sight and encourage the public to participate in BrightFocus' program outreach. The fair value of the PSAs totaled \$24,713,985 for the year ended March 31, 2024, and is included in donated services revenue in the accompanying consolidated statement of activities and in printing, publications and media expenses for the Health Information Services program in the accompanying consolidated statement of functional expenses. PSAs are valued based on the number of times the announcements are played and the period in which the advertisements are aired at the television or radio station's equivalent advertising rate charged to paying customers for a 60 second announcement, which is prorated based on the length of the announcement. The PSAs are restricted to for use in BrightFocus' disease related programs and BrightFocus does not monetize the PSAs upon receipt of the donation.

13. Program Activities

For the year ended March 31, 2024, BrightFocus had expenditures for the following disease-related purposes in its two program activities, Research and Health Information Services:

	<u>Research</u>	<u>Health Information Services</u>	<u>Total</u>
Alzheimer's Disease Research	\$ 9,280,199	\$ 15,819,908	\$ 25,100,107
Macular Degeneration Research	4,984,091	11,611,173	16,595,264
National Glaucoma Research	<u>2,462,093</u>	<u>9,487,882</u>	<u>11,949,975</u>
Total Program Services	<u>\$ 16,726,383</u>	<u>\$ 36,918,963</u>	<u>\$ 53,645,346</u>

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2024

14. Allocation of Joint Costs

BrightFocus conducts direct mail programs that include fundraising appeals and education materials on diseases affecting mind and sight. In addition, the direct mail programs encourage the public to make lifestyle choices to reduce the likelihood of the onset of diseases affecting mind and sight, and to take action to assist others who are affected by these diseases. For the year ended March 31, 2024, these activities included joint costs of \$18,479,592 which are included in printing, publications and media; postage and delivery; computer and mailing services; professional fees; and mailing list rental in the accompanying consolidated statement of functional expenses.

The joint costs have been allocated as follows:

Health Information Services	\$ 7,878,147
Fundraising	9,472,408
Management and general	<u>1,129,037</u>
Total Joint Costs	<u>\$ 18,479,592</u>

15. Employment Agreement

BrightFocus has entered into an employment agreement with its President and Chief Executive Officer for a four-year term which expired on April 30, 2023. Per the terms of the agreement, it automatically renewed on May 1, 2023 for an additional two-year term through April 30, 2025. The agreement provides for automatic two-year extensions after the initial term expires and one year of compensation and benefits should the President and Chief Executive Officer be terminated without cause.

16. Pension Plans

BrightFocus sponsors a money purchase pension plan (MPP), which covers all full-time employees who have completed at least one year of service. BrightFocus makes contributions to the MPP based on years of service of the participant as follows: 3% after one year of service, 6% after two years of service and 9% after three or more years of service. BrightFocus employees are 25% vested in the MPP after one year of service, 50% after two years of service, 75% after three years of service and are fully vested after four years of service. Total contributions by BrightFocus to the MPP totaled \$332,995 for the year ended March 31, 2024.

BrightFocus also sponsors a defined-contribution annuity plan (the 403(b) plan). BrightFocus employees may elect to have tax-deferred amounts of their pay withheld and contributed to the 403(b) plan, subject to the maximum employee contribution limits determined by the Internal Revenue Service. There were no contributions from BrightFocus to the 403(b) plan for the year ended March 31, 2024.

BRIGHTFOCUS FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

17. Income Taxes

BrightFocus is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes was required for the year ended March 31, 2024, as BrightFocus had no net unrelated business income. NDLLC and AHALLC are treated as disregarded entities for tax purposes and their financial activities are therefore included in the tax return of BrightFocus.

BrightFocus reviews and assesses all activities annually to identify any changes in the scope of its activities and revenue sources and the tax treatment thereof, to identify any uncertainty in income taxes. BrightFocus performed an evaluation of uncertainty in income taxes for the year ended March 31, 2024, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of March 31, 2024, the statute of limitations remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which BrightFocus files tax returns; however, there are currently no examinations pending or in progress. It is the policy of BrightFocus to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense. As of March 31, 2024, BrightFocus had no accruals for interest and/or penalties.

18. Prior Year Summarized Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class or functional area. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with BrightFocus' consolidated financial statements as of and for the year ended March 31, 2023, from which the summarized information was derived.

19. Subsequent Events

In preparing these consolidated financial statements, BrightFocus has evaluated events and transactions for potential recognition or disclosure through September 26, 2024, the date the consolidated financial statements were available to be issued. Other than the status of the assets held for sale in Note 5, there were no subsequent events identified that are required to be disclosed in these consolidated financial statements.