

FINANCIAL STATEMENTS

INTERNATIONAL EYE FOUNDATION, INC.

**FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

INTERNATIONAL EYE FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
International Eye Foundation, Inc.
Kensington, Maryland

We have audited the accompanying financial statements of the International Eye Foundation, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021, and the change 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2022, 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 this 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 the Foundation's internal control over financial reporting or on compliance. This 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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

March 24, 2022

INTERNATIONAL EYE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

ASSETS			
		<u>2021</u>	<u>2020</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	431,032	\$ 425,663
Investments, current portion		422,743	265,313
Grants receivable		221,897	144,393
Accounts receivable		6,037	4,277
Prepaid expenses		7,103	6,604
Other assets		<u>39,300</u>	<u>39,300</u>
Total current assets		<u>1,128,112</u>	<u>885,550</u>
FIXED ASSETS			
Land		156,163	156,163
Buildings		713,596	713,596
Furniture and equipment		8,724	8,724
Vehicles		26,185	-
Website		<u>24,560</u>	<u>24,560</u>
		929,228	903,043
Less: Accumulated depreciation and amortization		<u>(355,196)</u>	<u>(322,756)</u>
Net fixed assets		<u>574,032</u>	<u>580,287</u>
OTHER ASSETS			
Investments, net of current portion		<u>1,292,308</u>	<u>1,124,209</u>
TOTAL ASSETS	\$	<u>2,994,452</u>	<u>\$ 2,590,046</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Mortgage payable, current portion	\$	33,376	\$ 31,429
Note payable, current portion		-	23,000
Loan payable, current portion		103,990	37,772
Accounts payable		39,725	53,123
Deferred revenue		-	15,527
Accrued expenses		<u>17,339</u>	<u>16,692</u>
Total current liabilities		<u>194,430</u>	<u>177,543</u>
LONG-TERM LIABILITIES			
Mortgage payable, net of current portion		61,592	93,993
Loan payable, net of current portion		<u>-</u>	<u>60,583</u>
Total long-term liabilities		<u>61,592</u>	<u>154,576</u>
Total liabilities		<u>256,022</u>	<u>332,119</u>
NET ASSETS			
Without donor restrictions		1,038,331	841,780
With donor restrictions		<u>1,700,099</u>	<u>1,416,147</u>
Total net assets		<u>2,738,430</u>	<u>2,257,927</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>2,994,452</u>	<u>\$ 2,590,046</u>

See accompanying notes to financial statements.

INTERNATIONAL EYE FOUNDATION, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE				
Contributions and grants	\$ 495,056	\$ 358,561	\$ 853,617	\$ 1,048,271
Government grants	852,284	-	852,284	456,626
Contracts	220,137	-	220,137	-
Contributed materials and services	420,000	-	420,000	3,999,750
Investment income, net	76,833	249,045	325,878	11,930
Event revenue	11,275	-	11,275	12,930
Consulting income	-	-	-	66,574
Other revenue	-	-	-	2,006
Net assets released from donor restrictions	<u>323,654</u>	<u>(323,654)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>2,399,239</u>	<u>283,952</u>	<u>2,683,191</u>	<u>5,598,087</u>
EXPENSES				
Program Services:				
Operational Programs	<u>1,641,554</u>	<u>-</u>	<u>1,641,554</u>	<u>4,673,711</u>
Supporting Services:				
Management and General	368,728	-	368,728	478,727
Fundraising	<u>290,761</u>	<u>-</u>	<u>290,761</u>	<u>195,137</u>
Total supporting services	<u>659,489</u>	<u>-</u>	<u>659,489</u>	<u>673,864</u>
Total expenses	<u>2,301,043</u>	<u>-</u>	<u>2,301,043</u>	<u>5,347,575</u>
Change in net assets before other item	98,196	283,952	382,148	250,512
OTHER ITEM				
Gain on extinguishment of debt	<u>98,355</u>	<u>-</u>	<u>98,355</u>	<u>-</u>
Change in net assets	196,551	283,952	480,503	250,512
Net assets at beginning of year	<u>841,780</u>	<u>1,416,147</u>	<u>2,257,927</u>	<u>2,007,415</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,038,331</u>	<u>\$ 1,700,099</u>	<u>\$ 2,738,430</u>	<u>\$ 2,257,927</u>

INTERNATIONAL EYE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	2021				2020	
	Program Services	Supporting Services			Total Expenses	Total Expenses
	Operational Programs	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Subgrants	\$ 557,672	\$ -	\$ -	\$ -	\$ 557,672	\$ 36,434
Medical supplies	424,570	-	-	-	424,570	4,000,167
Salaries	250,624	102,450	15,258	117,708	368,332	496,330
Professional fees	96,806	182,710	51,656	234,366	331,172	154,908
Mailshop fees	-	-	145,545	145,545	145,545	66,727
Workshops and trainings	97,994	-	-	-	97,994	61,255
Insurance benefits and payroll taxes	51,735	22,427	3,335	25,762	77,497	104,907
Postage	781	517	41,880	42,397	43,178	47,170
Depreciation and amortization	-	33,210	-	33,210	33,210	27,962
Registration, dues and fees	22,110	1,537	7,449	8,986	31,096	21,957
Travel and per diem	29,801	-	-	-	29,801	169,058
Printing	7,113	2,978	16,451	19,429	26,542	13,518
Program evaluation	26,266	-	-	-	26,266	-
Other insurance	12,699	4,438	660	5,098	17,797	10,668
Program supplies	14,523	-	-	-	14,523	25,411
Telephone	8,270	4,073	606	4,679	12,949	8,533
Office rent and utilities	9,524	1,807	269	2,076	11,600	15,169
Maintenance	758	9,157	80	9,237	9,995	8,666
Program survey	9,358	-	-	-	9,358	-
Miscellaneous	8,623	-	-	-	8,623	11,504
Office supplies and expense	4,948	1,185	1,106	2,291	7,239	7,380
Bank fees	1,104	327	5,686	6,013	7,117	16,694
Interest expense	2,706	1,912	284	2,196	4,902	6,218
Program supervision	2,730	-	-	-	2,730	-
Medical equipment	839	-	-	-	839	4,838
List rental	-	-	496	496	496	7,234
Program planning	-	-	-	-	-	24,867
TOTAL	\$ 1,641,554	\$ 368,728	\$ 290,761	\$ 659,489	\$ 2,301,043	\$ 5,347,575

See accompanying notes to financial statements.

INTERNATIONAL EYE FOUNDATION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 480,503	\$ 250,512
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	33,210	27,962
Unrealized (gain) loss on investments	(211,668)	40,693
Realized gain on sale of investments	(53,779)	(10,044)
Gain on extinguishment of debt	(98,355)	-
(Increase) decrease in:		
Grants receivable	(77,504)	190,497
Accounts receivable	(1,760)	1,996
Prepaid expenses	(499)	(4,802)
(Decrease) increase in:		
Accounts payable	(13,398)	(39,317)
Deferred revenue	(15,527)	15,527
Accrued expenses	<u>647</u>	<u>(3,909)</u>
Net cash provided by operating activities	<u>41,870</u>	<u>469,115</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(26,185)	-
Purchases of investments	(386,485)	(216,407)
Proceeds from sales of investments	<u>326,403</u>	<u>47,269</u>
Net cash used by investing activities	<u>(86,267)</u>	<u>(169,138)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of mortgage payable	(31,224)	(29,909)
Repayment of note payable	(23,000)	(60,000)
Proceeds from loan payable	<u>103,990</u>	<u>98,355</u>
Net cash provided by financing activities	<u>49,766</u>	<u>8,446</u>
Net increase in cash and cash equivalents	5,369	308,423
Cash and cash equivalents at beginning of year	<u>425,663</u>	<u>117,240</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 431,032</u>	<u>\$ 425,663</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 4,902</u>	<u>\$ 6,218</u>

INTERNATIONAL EYE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The International Eye Foundation, Inc. (the Foundation) is a non-profit organization whose purpose is to support and assist with the prevention and treatment of avoidable blindness throughout the world, and to promote peace and goodwill through its efforts. Revenue is generated primarily through contributions, private and governmental grants.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than the Foundation mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

New accounting pronouncement adopted -

During 2021, the Foundation adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way the Foundation recognized revenue; however, the presentation and disclosures of revenue have been enhanced. The Foundation has elected a modified retrospective approach for implementation.

Cash and cash equivalents -

The Foundation considers all cash and other highly liquid investments, including certificates of deposit, with maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of \$33,157 as of June 30, 2021.

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents (continued) -

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal. The Foundation had approximately \$15,887 of cash and cash equivalents held at financial institutions in foreign countries at June 30, 2021. The majority of funds invested in foreign countries are uninsured.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses, in the accompanying Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Foundation's policy is to liquidate all gifts of investments as soon as possible after the gift.

Grants and accounts receivable -

Grants and accounts receivable are recorded at their net realizable value, which approximates fair value. Grants receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in grants revenue. Conditional promises to give are not included as support until the conditions are substantially met. All grants and accounts receivable are considered by management to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally 10 to 39 years. Website development costs are amortized over five years once placed in service. Costs incurred for the ongoing maintenance of the existing website are expensed as incurred. The capitalization and ongoing assessment of recoverability of website development costs incurred require reasonable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility and estimated economic life. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended June 30, 2021 totaled \$32,440.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statement of Activities and Change in Net Assets, to its current fair value.

Income taxes -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is not a private foundation.

INTERNATIONAL EYE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Uncertain tax positions -

For the year ended June 30, 2021, the Foundation has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes, and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Debt issuance costs -

In accordance with the FASB ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, the Foundation presents debt issuance costs in the financial statement as a direct deduction from the related debt liability. Amortization expense of the debt issuance costs totaled \$770 for the year ended June 30, 2021 and is included in depreciation and amortization expense in the accompanying Statement of Functional Expenses.

Contributions and grants -

The Foundation receives contributions, including unconditional promises to give, from many sources as well as grants from the U.S. Government, organizations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions and grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional.

Funds received in advance of the incurrence of qualifying expenditures are recorded as deferred revenue unless they are from the United States Government which is then recorded as a refundable advance. For contributions and grants treated as contributions, the Foundation had approximately \$1,697,197 in unrecognized conditional awards as of June 30, 2021.

Contracts and program revenue -

Contracts and program revenue classified as exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers* are recorded as revenue at a point in time when the performance obligations are met. The Foundation has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost.

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Contracts and program revenue (continued) -

Funding received in advance of satisfying performance obligations are recorded as deferred revenue. Events and consulting income recognized as revenue when the related events are held.

Contributed materials and services -

Contributed materials and services consist of donated medical supplies and legal services. Donated medical supplies are used in various eye care programs. Contributed materials and services are recorded at their fair value as of the date of the gift.

Foreign currency translation -

The U.S. Dollar is the functional currency for the Foundation's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into dollars at the exchange rate in effect at the date of the Statement of Financial Position.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Foundation are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Risks and uncertainties -

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Foundation adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements.

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Fair value measurement (continued) -

The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Foreign operations -

The Foundation has operations outside the United States in Cameroon, Africa. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, Government price or foreign exchange controls, and restrictions on currency exchange. Assets of foreign operations are less than 10% of the Foundation's total assets. Results of operations for the operations in Cameroon are translated from the local (functional) currency to the U.S. Dollar using average exchange rates during the period, while assets and liabilities are translated at the exchange rate in effect at the reporting date.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Foundation's operations.

New accounting pronouncements (not yet adopted) -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non-public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Foundation plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption methods and the impact of the new standards on its accompanying financial statements.

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

2. INVESTMENTS

Investments consisted of the following as of June 30, 2021:

	<u>Fair Value</u>
Money market	\$ 33,157
Equities	597,248
Mutual funds	1,007,129
Fixed income	<u>77,517</u>
TOTAL INVESTMENTS	<u>\$ 1,715,051</u>

Included in net investment income are the following at June 30, 2021:

Interest and dividends	\$ 78,166
Unrealized gain	211,668
Realized gain	53,779
Management fees	<u>(17,735)</u>
TOTAL INVESTMENT INCOME, NET	<u>\$ 325,878</u>

3. MORTGAGE PAYABLE

The Foundation has a mortgage for \$360,000 which has a variable interest rate and monthly payments of \$3,011. The note is collateralized by the assignment of rents and leases and a security agreement on the Foundation's building. Interest rate at year-end is 4.2%. Interest expense totaled \$4,902 for the year ended June 30, 2021.

The outstanding principal on the loan is as follows as of June 30, 2021:

Mortgage payable	\$ 98,065
Less: Deferred financing costs, net of accumulated amortization of \$7,066 at June 30, 2021	<u>(3,097)</u>
MORTGAGE PAYABLE, NET	<u>\$ 94,968</u>

The following is a schedule of the future minimum principal payments:

Year Ending June 30,

2022	\$ 32,606
2023	34,003
2024	<u>31,456</u>
	<u>\$ 98,065</u>

4. NOTE PAYABLE

On April 9, 2019, the Foundation entered into a \$108,000 note payable. The term of the note is 21 months and principal payments began April 2019. The note bears interest, compounded annually, at 1.5% per month. If all payments are made on or before the due date all interest charges will be waived. The maturity date is November 30, 2020. As of June 30, 2021, the balance of the note was timely paid in full.

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

5. LOANS PAYABLE

On May 1 2020, the Foundation received loan proceeds in the amount of \$98,355 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first ten months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration (SBA) in whole or in part. The Foundation used the loan proceeds for purposes consistent with the Paycheck Protection Program and applied for forgiveness after completing the 24-week period stipulated by the terms of the loan. During the year, the loan was fully forgiven, upon which the Foundation recorded revenue from debt extinguishment.

On February 4 2021, the Foundation entered into a five-year promissory note agreement in the amount of \$103,990 with a 1% fixed interest rate, under the second round of funding of the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note, unless otherwise forgiven. The Foundation used the proceeds for purposes consistent with the Paycheck Protection Program and received forgiveness in July 2021 by the SBA. There are no further requirements regarding this funding and the Foundation will record the amount forgiven as revenue from the debt extinguishment during fiscal year 2022.

6. BOARD DESIGNATED NET ASSETS

The John Harry King Endowment Fund consists of Board designated investments totaling \$378,629 as of June 30, 2021 that may be utilized for board approved expenditures including operating expense. Board designated endowment net assets are included in net assets without donor restrictions.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2021:

Subject to expenditure for specified purpose:	
Accumulated earnings from endowments not yet authorized for spending	\$ 860,421
Eye Hospital	62,923
Surgical services	345,120
Endowment contributions to be invested in perpetuity	<u>431,635</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,700,099</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:	
Eye Hospital	\$ 185,495
Surgical Services	<u>138,159</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 323,654</u>

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

8. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 431,032
Investments, current portion	422,743
Grants receivable	221,897
Accounts receivable	<u>6,037</u>
Subtotal financial assets available within one year	1,081,709
Less: Donor restricted funds	(408,043)
Less: Board-designated funds	<u>(228,629)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 445,037</u>
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The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one-year.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Occasionally, the Board designates a portion of any operating surplus to its board designated fund, which was \$228,629 as of June 30, 2021.

This fund established by the governing Board may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

9. CONTRIBUTED MATERIALS AND SERVICES

During the year ended June 30, 2021, the Foundation was the beneficiary of donated medical supplies. The per unit fair value of the donated medical supplies was decreased from \$750 during the year ended June 30, 2020 to \$105 for the year ended June 30, 2021. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended June 30, 2021.

Donated Medical Supplies	<u>\$ 420,000</u>
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The following programs have benefited from these donated services at June 30, 2021:

Operational Programs	<u>\$ 420,000</u>
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10. RETIREMENT PLAN

The Foundation provides retirement benefits to its employees through a defined contribution plan covering participating employees. The Foundation provides a match of each eligible employee's contribution based on a percentage determined each year by the Foundation.

For the year ended June 30, 2021, the Foundation contributed a match equal to 3%. Additional profit sharing contributions can be made to the Plan at the Foundation's discretion. Employer contributions to the Plan during the year ended June 30, 2021 totaled \$7,393.

INTERNATIONAL EYE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

11. CONTINGENCY

The Foundation receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions 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)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2021. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

12. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of June 30, 2021.

- *Money Market Funds* - Valued at the daily closing price as reported by the fund. The money market fund is an open-end funds that are registered with the Securities and Exchange Commission (SEC). This fund is required to publish its daily net asset value (NAV) and to transact at that price. The money market fund is deemed to be actively traded.
- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Foundation are deemed to be actively traded.
- *Fixed Income* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

12. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy as of June 30, 2021.

Asset Class:	Level 1	Level 2	Level 3	Total
Money market funds	\$ 33,157	\$ -	\$ -	\$ 33,157
Equities	597,248	-	-	597,248
Mutual funds	1,007,129	-	-	1,007,129
Fixed income	<u>-</u>	<u>77,517</u>	<u>-</u>	<u>77,517</u>
TOTAL	<u>\$ 1,637,534</u>	<u>\$ 77,517</u>	<u>\$ -</u>	<u>\$ 1,715,051</u>

There were no transfers between levels in the fair value hierarchy during the year ended June 30, 2021. Transfers between levels are recorded at the end of the reporting period, if applicable.

13. ENDOWMENT

The Foundation's endowment consists of donor-restricted endowment funds and funds designated by the governing Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures.

Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

13. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board Designated Endowment Funds	\$ 378,629	\$ -	\$ 378,629
Donor-Restricted Endowment Funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	431,635	431,635
Accumulated investment earnings	<u>-</u>	<u>860,421</u>	<u>860,421</u>
TOTAL ENDOWMENT FUNDS	<u>\$ 378,629</u>	<u>\$ 1,292,056</u>	<u>\$ 1,670,685</u>

Changes in endowment net assets for the year ended June 30, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 311,953	\$ 1,043,011	\$ 1,354,964
Investment income, net	<u>66,676</u>	<u>249,045</u>	<u>315,721</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 378,629</u>	<u>\$ 1,292,056</u>	<u>\$ 1,670,685</u>

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature as of June 30, 2021.

Return Objectives and Risk Parameters -

The Foundation has adopted an investment policy, approved by the Board of Directors, for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of these endowment assets over the long-term.

Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed income securities that are intended to result in a consistent inflation protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the fund if possible. Accordingly, the Foundation expects its endowment assets, over time, to achieve a total annual return of 3% to 5%, net of fees and expenses, with minimal downside risk over the long-term. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

13. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives -

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

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Foundation has established a spending policy that considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, two of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

The policy allows for distribution of 4% of the moving average market value of the endowment funds as of June 30th for the current and prior two fiscal years. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Thus, over the long-term, the Foundation expects the current spending policy to allow its endowment fund to grow modestly while generating a predictable stream of spendable income.

14. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through March 24, 2022, the date the financial statements were issued.