

FINANCIAL STATEMENTS

INTERNATIONAL EYE FOUNDATION, INC.

**FOR THE YEAR ENDED JUNE 30, 2022
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2021**

INTERNATIONAL EYE FOUNDATION, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, 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.

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, 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Foundation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



February 7, 2023

INTERNATIONAL EYE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

ASSETS			
		<u>2022</u>	<u>2021</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	177,709	\$ 431,032
Investments, current portion		292,178	422,743
Grants receivable		-	221,897
Accounts receivable		129,752	6,037
Prepaid expenses		33,073	7,103
Other assets		<u>39,300</u>	<u>39,300</u>
Total current assets		<u>672,012</u>	<u>1,128,112</u>
FIXED ASSETS			
Land		156,163	156,163
Buildings		713,596	713,596
Furniture and equipment		8,724	8,724
Vehicle		26,185	26,185
Website		<u>24,560</u>	<u>24,560</u>
		929,228	929,228
Less: Accumulated depreciation and amortization		<u>(387,636)</u>	<u>(355,196)</u>
Net fixed assets		<u>541,592</u>	<u>574,032</u>
OTHER ASSETS			
Investments, net of current portion		<u>1,096,989</u>	<u>1,292,308</u>
TOTAL ASSETS	\$	<u>2,310,593</u>	<u>2,994,452</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Mortgage payable, current portion	\$	34,773	\$ 33,376
Loan payable, current portion		-	103,990
Accounts payable		91,678	39,725
Accrued expenses		<u>18,828</u>	<u>17,339</u>
Total current liabilities		<u>145,279</u>	<u>194,430</u>
LONG-TERM LIABILITIES			
Mortgage payable, net of current portion		<u>28,385</u>	<u>61,592</u>
Total liabilities		<u>173,664</u>	<u>256,022</u>
NET ASSETS			
Without donor restrictions		929,655	1,038,331
With donor restrictions		<u>1,207,274</u>	<u>1,700,099</u>
Total net assets		<u>2,136,929</u>	<u>2,738,430</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>2,310,593</u>	<u>2,994,452</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, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE				
Contributions and grants	\$ 482,076	\$ -	\$ 482,076	\$ 853,617
Government grants	541,594	-	541,594	852,284
Contracts	225,430	-	225,430	220,137
Contributed materials and services	-	-	-	420,000
Investment (loss) income, net	(30,421)	(150,319)	(180,740)	325,878
Event revenue	300	-	300	11,275
Net assets released from donor restrictions	<u>342,506</u>	<u>(342,506)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,561,485</u>	<u>(492,825)</u>	<u>1,068,660</u>	<u>2,683,191</u>
EXPENSES				
Program Services:				
Operational Programs	<u>1,028,186</u>	<u>-</u>	<u>1,028,186</u>	<u>1,641,554</u>
Supporting Services:				
Management and General	392,246	-	392,246	368,728
Fundraising	<u>353,719</u>	<u>-</u>	<u>353,719</u>	<u>290,761</u>
Total supporting services	<u>745,965</u>	<u>-</u>	<u>745,965</u>	<u>659,489</u>
Total expenses	<u>1,774,151</u>	<u>-</u>	<u>1,774,151</u>	<u>2,301,043</u>
Change in net assets before other item	(212,666)	(492,825)	(705,491)	382,148
OTHER ITEM				
Gain on extinguishment of debt	<u>103,990</u>	<u>-</u>	<u>103,990</u>	<u>98,355</u>
Change in net assets	(108,676)	(492,825)	(601,501)	480,503
Net assets at beginning of year	<u>1,038,331</u>	<u>1,700,099</u>	<u>2,738,430</u>	<u>2,257,927</u>
NET ASSETS AT END OF YEAR	<u>\$ 929,655</u>	<u>\$ 1,207,274</u>	<u>\$ 2,136,929</u>	<u>\$ 2,738,430</u>

INTERNATIONAL EYE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	2022				2021	
	Program Services	Supporting Services				
	Operational Programs	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Subgrants	\$ 433,444	\$ -	\$ -	\$ -	\$ 433,444	\$ 557,672
Salaries	290,829	134,130	21,178	155,308	446,137	368,332
Professional fees	116,934	188,351	64,348	252,699	369,633	331,172
Mailshop fees	-	-	142,332	142,332	142,332	145,545
Insurance benefits and payroll taxes	43,013	27,670	2,528	30,198	73,211	77,497
Postage	1,614	1,030	57,506	58,536	60,150	43,178
Printing	2,433	3,142	34,320	37,462	39,895	26,542
Depreciation and amortization	17,712	14,233	1,265	15,498	33,210	33,210
Travel and per diem	29,430	73	-	73	29,503	29,801
Maintenance	19,119	4,623	250	4,873	23,992	9,995
List rental	-	-	21,749	21,749	21,749	496
Bank fees	15,880	1,008	4,315	5,323	21,203	7,117
Registration, dues and fees	7,327	2,623	2,857	5,480	12,807	31,096
Other insurance	7,356	4,551	416	4,967	12,323	17,797
Telephone	6,173	3,492	319	3,811	9,984	12,949
Office rent and utilities	6,517	2,590	237	2,827	9,344	11,600
Miscellaneous	8,466	391	27	418	8,884	8,623
Office supplies and expense	7,534	793	72	865	8,399	7,239
Workshops and trainings	7,457	-	-	-	7,457	97,994
Program supervision	6,403	-	-	-	6,403	2,730
Interest expense	-	3,546	-	3,546	3,546	4,902
Medical supplies	545	-	-	-	545	424,570
Program evaluation	-	-	-	-	-	26,266
Program supplies	-	-	-	-	-	14,523
Program survey	-	-	-	-	-	9,358
Medical equipment	-	-	-	-	-	839
TOTAL	\$ 1,028,186	\$ 392,246	\$ 353,719	\$ 745,965	\$ 1,774,151	\$ 2,301,043

See accompanying notes to financial statements.

INTERNATIONAL EYE FOUNDATION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (601,501)	\$ 480,503
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	33,210	33,210
Unrealized loss (gain) on investments	297,076	(211,668)
Realized gain on sale of investments	(42,433)	(53,779)
Gain on extinguishment of debt	(103,990)	(98,355)
Decrease (increase) in:		
Grants receivable	221,897	(77,504)
Accounts receivable	(123,715)	(1,760)
Prepaid expenses	(25,970)	(499)
Increase (decrease) in:		
Accounts payable	51,953	(13,398)
Deferred revenue	-	(15,527)
Accrued expenses	<u>1,489</u>	<u>647</u>
Net cash (used) provided by operating activities	<u>(291,984)</u>	<u>41,870</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(26,185)
Purchases of investments	(365,124)	(386,485)
Proceeds from sales of investments	<u>436,365</u>	<u>326,403</u>
Net cash provided (used) by investing activities	<u>71,241</u>	<u>(86,267)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of mortgage payable	(32,580)	(31,224)
Repayment of note payable	-	(23,000)
Proceeds from loan payable	<u>-</u>	<u>103,990</u>
Net cash (used) provided by financing activities	<u>(32,580)</u>	<u>49,766</u>
Net (decrease) increase in cash and cash equivalents	(253,323)	5,369
Cash and cash equivalents at beginning of year	<u>431,032</u>	<u>425,663</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 177,709</u>	<u>\$ 431,032</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 3,546</u>	<u>\$ 4,902</u>

INTERNATIONAL EYE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2021, from which the summarized information was derived.

New accounting pronouncement adopted -

During the year ended June 30, 2022, the Foundation adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which 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 Update 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 was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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 \$27,219 as of June 30, 2022.

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 \$578 of cash and cash equivalents held at financial institutions in foreign countries at June 30, 2022. 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 (loss) 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. 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 as incurred. Depreciation and amortization expense for the year ended June 30, 2022 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.

INTERNATIONAL EYE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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.

Uncertain tax positions -

For the year ended June 30, 2022, 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, 2022 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 \$648,185 in unrecognized conditional awards as of June 30, 2022.

INTERNATIONAL EYE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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.

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 -

During the year ended June 30, 2021, the Foundation was the beneficiary of \$420,000 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 donations have been included in revenue and expense for the year ended June 30, 2021. This program was discontinued and this donation was not needed for the year ended June 30, 2022.

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, 2022

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.

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.

2. INVESTMENTS

Investments consisted of the following as of June 30, 2022:

	<u>Fair Value</u>
Money market funds	\$ 27,219
Equities	508,919
Mutual funds	69,632
Fixed income	<u>783,397</u>
TOTAL INVESTMENTS	<u>\$ 1,389,167</u>

Included in net investment loss are the following at June 30, 2022:

Interest and dividends	\$ 91,922
Unrealized loss	(297,076)
Realized gain	42,433
Management fees	<u>(18,019)</u>
TOTAL INVESTMENT LOSS, NET	<u>\$ (180,740)</u>

3. MORTGAGE PAYABLE

The Foundation has a mortgage for \$360,000 which has a variable interest rate and monthly payments of \$3,011.

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

3. MORTGAGE PAYABLE (Continued)

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 \$3,546 for the year ended June 30, 2022.

The outstanding principal on the loan is as follows as of June 30, 2022:

Mortgage payable	\$ 65,485
Less: Current portion	(34,773)
Less: Deferred financing costs, net of accumulated amortization of \$7,736 at June 30, 2022	<u>(2,327)</u>
MORTGAGE PAYABLE, NET	<u>\$ 28,385</u>

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

Year Ending June 30,

2023	\$ 31,209
2024	<u>34,276</u>
	<u>\$ 65,485</u>

4. LOAN PAYABLE

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. During the year ended June 30, 2022, the loan was fully forgiven, upon which the Foundation recorded revenue from debt extinguishment.

5. BOARD DESIGNATED NET ASSETS

The John Harry King Endowment Fund consists of Board designated investments totaling \$274,171 as of June 30, 2022, that may be utilized for Board approved expenditures including operating expense. Board designated endowment net assets are included in net assets without donor restrictions.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2022:

Subject to expenditure for specified purpose:	
Accumulated earnings from endowments not yet authorized for spending	\$ 665,102
Surgical Services	110,537
Endowment contributions to be invested in perpetuity	<u>431,635</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 1,207,274</u>

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

6. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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:

Accumulated earnings from endowments authorized for spending	\$ 45,000
Purpose restrictions accomplished:	
Eye Hospital	62,923
Surgical Services	<u>234,583</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 342,506</u>

7. 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	\$ 177,709
Investments, current portion	292,178
Accounts receivable	<u>129,752</u>
Subtotal financial assets available within one year	599,639
Less: Donor restricted funds	(110,537)
Less: Board designated funds	<u>(274,171)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 214,931</u>

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 \$274,171 as of June 30, 2022.

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.

8. 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, 2022, 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, 2022 totaled \$8,509.

INTERNATIONAL EYE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

9. 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, 2022.

- *Money Market Funds* - Valued at the daily closing price as reported by the fund. The money market funds are 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.

The table below summarizes, by level within the fair value hierarchy as of June 30, 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Class:				
Money market funds	\$ 27,219	\$ -	\$ -	\$ 27,219
Equities	508,919	-	-	508,919
Mutual funds	783,397	-	-	783,397
Fixed income	<u>-</u>	<u>69,632</u>	<u>-</u>	<u>69,632</u>
TOTAL	<u>\$ 1,319,535</u>	<u>\$ 69,632</u>	<u>\$ -</u>	<u>\$ 1,389,167</u>

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

9. FAIR VALUE MEASUREMENT (Continued)

There were no transfers between levels in the fair value hierarchy during the year ended June 30, 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

10. 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.

Endowment net asset composition by type of fund as of June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board Designated Endowment Funds	\$ 274,171	\$ -	\$ 274,171
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>665,102</u>	<u>665,102</u>
TOTAL ENDOWMENT FUNDS	<u>\$ 274,171</u>	<u>\$ 1,096,737</u>	<u>\$ 1,370,908</u>

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

10. ENDOWMENT (Continued)

Changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 378,629	\$ 1,292,056	\$ 1,670,685
Investment loss, net	(4,458)	(150,319)	(154,777)
Appropriation of endowment assets for expenditure	<u>(100,000)</u>	<u>(45,000)</u>	<u>(145,000)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 274,171</u>	<u>\$ 1,096,737</u>	<u>\$ 1,370,908</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, 2022.

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.

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.

INTERNATIONAL EYE FOUNDATION, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

10. ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (continued) -

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.

11. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 7, 2023, the date the financial statements were issued.