

EYE FOUNDATION OF AMERICA, INC.

Financial Report
December 31, 2018



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Eye Foundation of America, Inc.
Morgantown, West Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Eye Foundation of America, Inc. (Foundation), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eye Foundation of America, Inc. as of December 31, 2018 and 2017, and the results of its operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Arnett Carbis Toothman LLP

Bridgeport, West Virginia
July 22, 2019

EYE FOUNDATION OF AMERICA, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 77,739	\$ 106,979
Accounts receivable, net	23,053	22,663
Investments	568,253	445,099
	<u>669,045</u>	<u>445,099</u>
Total assets	\$ 669,045	\$ 574,741
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 10,000
	<u>669,045</u>	<u>564,741</u>
NET ASSETS	\$ 669,045	\$ 574,741
Total liabilities and net assets	\$ 669,045	\$ 574,741

See Notes to Financial Statements

EYE FOUNDATION OF AMERICA, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2018 and 2017

	2018	2017
REVENUE AND OTHER SUPPORT		
Contributions	\$ 224,666	\$ 179,712
Donated materials	209,389	335,556
Investment income	10,524	6,623
Realized gain on investments	46,464	-
Unrealized gain (loss) on investments	66,215	(1,738)
Miscellaneous income	22	254
	<hr/>	<hr/>
Total revenue and other support	557,280	520,407
EXPENSES		
Charitable donations	328,572	423,719
Fundraising	49,470	12,365
Advertising	33,841	57,340
Education	14,500	22,508
Professional fees	11,051	9,500
Dues and subscriptions	2,933	4,563
Supplies	1,337	226
Credit card fees	810	1,390
Postage	785	450
Laser and facility rent	-	7,368
Travel	-	7,217
Miscellaneous	9,677	5,488
	<hr/>	<hr/>
Total expenses	452,976	552,134
Change in net assets	104,304	(31,727)
Net assets:		
Beginning of year	<hr/> 564,741	<hr/> 596,468
End of year	<hr/> \$ 669,045	<hr/> \$ 564,741

See Notes to Financial Statements

EYE FOUNDATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program Services	Administrative and General	Fundraising	Total Expenses
OPERATING EXPENSES				
Charitable donations	\$ 328,572	\$ -	\$ -	\$ 328,572
Fundraising	-	-	49,470	49,470
Advertising	33,841	-	-	33,841
Education	14,500	-	-	14,500
Professional fees	5,051	6,000	-	11,051
Dues and subscriptions	2,933	-	-	2,933
Supplies	1,337	-	-	1,337
Credit card fees	810	-	-	810
Postage	785	-	-	785
Miscellaneous	9,677	-	-	9,677
Total operating expenses	\$ 397,506	\$ 6,000	\$ 49,470	\$ 452,976

See Notes to Financial Statements

EYE FOUNDATION OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017

	Program Services	Administrative and General	Fundraising	Total Expenses
OPERATING EXPENSES				
Charitable donations	\$ 423,719	\$ -	\$ -	\$ 423,719
Fundraising	-	-	12,365	12,365
Advertising	57,340	-	-	57,340
Education	22,508	-	-	22,508
Professional fees	1,824	7,676	-	9,500
Dues and subscriptions	4,563	-	-	4,563
Supplies	226	-	-	226
Credit card fees	1,390	-	-	1,390
Postage	450	-	-	450
Laser and facility rent	7,368	-	-	7,368
Travel	7,217	-	-	7,217
Miscellaneous	5,488	-	-	5,488
Total operating expenses	\$ 532,093	\$ 7,676	\$ 12,365	\$ 552,134

See Notes to Financial Statements

EYE FOUNDATION OF AMERICA, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 104,304	\$ (31,727)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Net realized (gain) on investments	(46,464)	-
Net unrealized (gain) loss on investments	(71,564)	1,738
Loss on disposal of equipment	-	903
Change in assets and liabilities:		
Accounts receivables, net	(390)	(22,663)
Accounts payable	(10,000)	10,000
	<u>(24,114)</u>	<u>(41,749)</u>
Net cash (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	512,001	268,763
Purchase of investments	(517,127)	(275,386)
	<u>(5,126)</u>	<u>(6,623)</u>
Net cash (used in) investing activities		
Net (decrease) in cash and cash equivalents		
	<u>(29,240)</u>	<u>(48,372)</u>
Cash and cash equivalents:		
Beginning	<u>106,979</u>	155,351
Ending	<u>\$ 77,739</u>	<u>\$ 106,979</u>

See Notes to Financial Statements

EYE FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Organization and Significant Accounting Policies

Organization: Eye Foundation of America, Inc. (Foundation) is a non-profit West Virginia corporation established for the purpose of providing support for treatment of diseases of the eye in developing countries, by providing donations of medical equipment and medical supplies to countries such as India, Afghanistan, Swaziland, Sri Lanka, and others; by financing advanced training of physicians from the developing countries; and by donating services wherever needed. The Foundation is located in Morgantown, West Virginia. Funding for operations is primarily from contributions and Lasik surgery revenue. Additionally, the Foundation has no employees and is operated by volunteers.

The Foundation is a nonprofit organization and qualifies as tax exempt under Section 501(c)(3) of the Internal Revenue Code. As such, its normal activities do not result in any income tax liability.

A summary of the Foundation's significant accounting policies are as follows:

Basis of accounting: The financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under the accrual basis of accounting, revenue is recorded when earned and expenses are recorded when incurred.

Use of estimates: The preparation of financial statements in accordance 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Net assets: Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net assets with donor restriction result from contributions, grants, or other inflows of assets whose use by the Foundation is limited by donor or grantor imposed stipulations that either expired by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Foundation does not have any net asset with donor restrictions.

Contributions: Contributions, including unconditional promises to give, are recognized as revenue in the period pledged. All contributions are available for unrestricted use unless specifically restricted by the donor.

Cash and cash equivalents and deposit risk: For purposes of the statements of financial position and cash flows, the Foundation considers all highly liquid investments which are readily convertible into know amounts of cash and have an original maturity of three months or less when acquired to cash equivalents. As of December 31, 2018 and 2017, management believes that the carrying amount of cash equivalents approximates fair value because of the short maturity of these financial instruments.

The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Foundation has not experienced any losses in such accounts.

EYE FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Donated facilities, supplies and services: Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Functional allocation of expenses: The costs of the Foundation and supporting service activities have been summarized on a functional basis on the statements of functional expenses for the years ended December 31, 2018 and 2017. The table of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated between the program services and administrative and general services.

Income tax status: The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on its income under Section 501(a) of the Code. Accordingly, no provision for income taxes as been provided.

Accounting principles generally accepted in the United States of America required the Foundation to evaluate tax positions taken by the Foundation and recognize a tax liability or asset if the Foundation has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Service (IRS). The Foundation has concluded that as of December 31, 2018 and 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements.

Generally, tax returns for the years ended December 31, 2015, and thereafter remain subject to examination by federal and state tax authorities.

Investments: The Foundation has a portfolio of investments in certificates of deposits which bear interest ranging from 0.05% to 1.45%, and have maturities ranging from 25 months to 37 months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

The Foundation also has an investment portfolio of marketable securities. The Foundation classifies its marketable securities as trading securities, which are carried in the financial statements at fair value.

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) are included in increase (decrease) in net assets unless, the income or loss is restricted by donor or law.

The Foundation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported on the balance sheets are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with the investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported on the balance sheet could change materially in the near term.

Advertising costs: Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2018 and 2017, were \$33,841 and \$57,340, respectively.

Subsequent events: In preparing these financial statements, the Foundation evaluated events that occurred from December 31, 2018 through July 22, 2019, the date the financial statements were available to be issued, for potential recognition or disclosure.

Reclassifications: Certain reclassifications has been made to the 2017, financial statements to conform to the 2018 presentation.

Note 2. Recent Accounting Pronouncements

Revenue Recognition: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which clarifies the principles for recognizing revenue and develops a common revenue standard for U.S. GAAP. This ASU attempts to remove inconsistencies and weaknesses in the current revenue recognition requirements, provides a more robust framework for addressing issues, improves comparability across entities and industries, provides more useful information to the users of the financial statements, and simplifies the preparation of financial statements by consolidating the number of requirements required to be referenced. Early adoption is not permitted. The guidance permits the use of either a retrospective or modified retrospective (cumulative effect) transition method. The Foundation will adopt the guidance for the year ending December 31, 2019. The Foundation has evaluated the adoption of this guidance and does not currently believe it will have a material impact on its financial statements.

Not-for-Profit Entities: In August 2016, the FASB issued ASU 2016-14, (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The amendments of this ASU change presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. The amendments include qualitative and quantitative requirements in the financial statement presentation and disclosures regarding net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. The Foundation adopted this guidance during the year ended December 31, 2018. The Foundation applied the ASU retrospectively to all periods presented, except for the disclosure around liquidity and availability of resources as allowed by ASU 2016-14.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. These amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations (NFPs) and business enterprises. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. This is important because such classification affects the timing of contribution revenue and expense recognition. The new ASU does not apply to transfers of assets from governments to businesses. The Organization is currently evaluating the impact, if any, that adoption will have on its December 31, 2019, financial statements.

Note 3. Donated Supplies and Services

Contributions of donated non-cash assets are recorded at their estimated fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

In 2018 and 2017, the Foundation received donated supplies valued at \$209,389 and \$335,556, respectively. The Foundation has included these amounts in both donated materials and charitable donations expense in the statement of activities and changes in net assets for the years ended December 31, 2018 and 2017.

EYE FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4. Major Contributors and Grantor

Contributions from one donor aggregated \$209,389 in 2018, and from three donors aggregated \$335,556 in 2017, respectively. Any reductions in the level of this support would have a significant impact on the operations of the Foundation.

Note 5. Fair Value of Financial Instruments

Authoritative guidance regarding Fair Value Measurements establishes a framework for measuring fair value. This guidance defines fair value, establishes a framework and hierarchy for measuring fair value, and outlines the related disclosure requirements. The guidance indicates that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability based upon an exit price model. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements).

Financial assets recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

- Level I Quoted prices in active markets for identical assets or liabilities.
- Level II Observable inputs other than Level I prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level III Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The table below presents the balances of assets measured at fair value as of December 31, 2018:

	Total	Level I	Level II	Level III
Mutual funds	\$ 54,361	\$ 54,361	\$ -	\$ -
Common stocks	309,197	309,197	-	-
Money market funds	11,324	11,324	-	-
Certificates of deposit	193,371	193,371	-	-
Total assets at fair value	\$ 568,253	\$ 568,253	\$ -	\$ -

The table below presents the balances of assets measured at fair value as of December 31, 2017:

	Total	Level I	Level II	Level III
Mutual funds	\$ 30,400	\$ 30,400	\$ -	\$ -
Common stocks	211,158	211,158	-	-
Money market funds	10,658	10,658	-	-
Certificates of deposit	192,883	192,883	-	-
Total assets at fair value	\$ 445,099	\$ 445,099	\$ -	\$ -

EYE FOUNDATION OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

The following methods were used by the Foundation in estimating the fair value of its financial instruments. There were no changes in the methodologies used as of December 31, 2018 or 2017:

Mutual funds: The carrying amounts reported on the statements of financial position for mutual funds are based on quoted market prices.

Common stocks: The carrying amounts reported on the statements of financial position for common stocks are based on quoted market prices.

Money market funds: The carrying amounts reported on the statements of financial position for money market funds are based on \$1 per unit held.

Certificates of deposit: The carrying amounts reported on the statements of financial position for certificates of deposit are based on amortized costs plus accrued interest, which are not representative of fair value. Therefore, they are not classified in the fair value hierarchy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 6. Related Party Transactions

The Medical Director of the Foundation is also a board member of the Goutami Eye Institute (Institute). In 2018 and 2017, the Foundation made contributions of cash, equipment, and supplies to the Institute in the amount of \$209,389 and \$335,556, respectively.

Note 7. Liquidity and Availability

Financial assets available for general expenditure within one year of the balance sheet date consist of the following as of December 31, 2018:

Cash and cash equivalents	\$ 77,739
Accounts receivable, net	23,053
	<hr/>
	\$ 100,792

The Foundation has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$75,500. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.