

**Eye Foundation of America,
Inc.**

Morgantown, West Virginia

Financial Statements

December 31, 2019



EYE FOUNDATION OF AMERICA, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Eye Foundation of America, Inc.
Morgantown, West Virginia 26505

Report on the Financial Statements

We have audited the accompanying financial statements of the Eye Foundation of America, Inc., which comprise the statement of financial position – modified cash basis as of December 31, 2019, and the related statements of activities – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the year then ended (collectively, the financial statements), 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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. 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 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.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Eye Foundation of America as of December 31, 2019, and its changes in net assets and cash flows for the year then ended, in accordance with the modified cash basis of accounting described in Note 1.

Emphasis of Matter – Basis of Accounting

As discussed in Note 1 to the financial statements, which describes the basis of accounting, the financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). Our opinion is not modified with respect to this matter.

Emphasis of Matter – Change in Basis of Accounting and Prior Period Adjustment

As discussed in Note 7 to the financial statements, the Eye Foundation of America determined that it should modify its basis of accounting from U.S. GAAP to a modified cash basis. This change resulted in a reduction to beginning net assets of \$23,053 as of January 1, 2019.

S.R. Smodgrass, P.C.

Cranberry Township, Pennsylvania
August 25, 2020

EYE FOUNDATION OF AMERICA, INC.
STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2019

ASSETS

Cash and cash equivalents	\$ 331,052
Certificates of deposit	45,619
Investments	<u>473,916</u>
 Total assets	 <u><u>\$ 850,587</u></u>

NET ASSETS

Net Assets

Without donor restrictions	<u>\$ 850,587</u>
 Total net assets	 <u><u>\$ 850,587</u></u>

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

EYE FOUNDATION OF AMERICA, INC.
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Revenues

Contributions	\$ 460,010
Donated materials	364,809
Investment income	70,312
Miscellaneous income	344
Total revenues	<u>895,475</u>

Program and Administrative Expenses

Charitable donations	586,336
Legal Fees	1,355
Professional fees	7,000
Advertising	23,376
Office expenses	12,783
Credit card fees	1,255
Postage	119
Travel	14,631
Meetings	1,895
Education	27,103
Miscellaneous	9,943
Fundraising	2,939
Dues and subscriptions	1,870
Licenses	275
Total expenses	<u>690,880</u>

Change in net assets 204,595

Net assets at beginning of year	<u>645,992</u>
Net assets at end of year	<u>\$ 850,587</u>

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

EYE FOUNDATION OF AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Charitable donations	\$ 586,336	\$ -	\$ -	\$ 586,336
Legal fees	-	1,355	-	1,355
Accounting fees	-	7,000	-	7,000
Advertisng	23,376	-	-	23,376
Office expenses	9,587	3,196	-	12,783
Bank fees	-	343	-	343
Investment fees	-	912	-	912
Postage	89	30	-	119
Travel	14,631	-	-	14,631
Meetings	1,895	-	-	1,895
Education	27,103	-	-	27,103
Miscellaneous	9,943	-	-	9,943
Fundraising	-	-	2,939	2,939
Dues and subscriptions	1,870	-	-	1,870
Licenses	275	-	-	275
	<u>\$ 675,105</u>	<u>\$ 12,836</u>	<u>\$ 2,939</u>	<u>\$ 690,880</u>

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

EYE FOUNDATION OF AMERICA, INC.
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 204,595
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized investment gains	(3,726)
Unrealized investment gains	(55,288)
Net cash provided by operating activities	145,581

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(205,619)
Proceeds from sale of investments	165,599
Proceeds from redemption of certificates of deposit	147,752
Net cash provided by investing activities	107,732
Net increase in cash and cash equivalents	253,313
Cash and cash equivalents, beginning of year	77,739
Cash and cash equivalents, end of year	\$ 331,052

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

EYE FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES AND NATURE OF ORGANIZATION

Nature of Activities

Eye Foundation of America, Inc. (the “Foundation”) is a nonprofit 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. Additionally, the Foundation has no employees and is operated by volunteers.

Basis of Accounting & Presentation

The Foundation prepares its financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). Consequently, revenues and related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. The cash basis of accounting has been modified, however, so that investments are stated at fair value, and unrealized and realized gains and losses, and investment income, are reported on the statement of activities – modified cash basis. The cash basis of accounting is further modified to record donated supplies and services.

Use of Estimates

The preparation of financial statements, in conformity with a modified cash basis of accounting, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid financial instruments that are readily convertible into known amounts of cash and have an original maturity of three months or less when acquired to be cash equivalents. As of December 31, 2019, 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
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES AND NATURE OF ORGANIZATION (Continued)

Certificates of Deposit

During the year, the Foundation held certificates of deposits that earned interest ranging from 0.05 percent to 1.45 percent. As of December 31, 2019, the one remaining certificate of deposit matures in April 2021. Any penalties for early withdrawal would not have a material effect on the financial statements.

Investments

The Foundation maintains 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) is included in the change in net assets.

The Foundation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported on the statement of financial position – modified cash basis 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 statement of financial position – modified cash basis could change materially in the near term.

Net Assets

Net assets, revenues, gains, and losses 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: 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: Net assets resulting 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.

As of December 31, 2019, no amounts presented in the statement of activities – modified cash basis or maintained within the statement of financial position – modified cash basis are subject to donor restrictions or otherwise designated by the Foundation's Board of Directors.

EYE FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES AND NATURE OF ORGANIZATION (Continued)

Contributions

The Foundation recognizes contributions, including unconditional promises to give, as revenue when cash is received by the Foundation. All contributions are available for unrestricted use unless specifically restricted by the donor.

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.

Functional Allocation of Expenses

As required by accounting standards effective as of December 31, 2019, the Foundation has included a statement of functional expenses – modified cash basis in the basic financial statement, presenting an analysis by nature and function for the year ended December 31, 2019.

The Foundation's financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Therefore, certain expenses require allocation where the Foundation can demonstrate direct conduct and direct supervision of programs or supporting activities that receive a benefit. Such expenses include charity donations and office expenses, among others. Expense allocations are based on estimates of use or benefit received to the program services and administrative and general services.

Advertising Costs

Advertising costs are expensed when cash is disbursed. Total advertising costs for the year ended December 31, 2019 were \$23,376.

Income Tax Status

The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes (except taxes on unrelated business income, if any) under Section 501(a) of the Internal Revenue Code. During the year ended December 31, 2019, the Foundation had no unrelated business activities. Accordingly, no provision for income taxes has been provided.

EYE FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES AND NATURE OF ORGANIZATION (Continued)

Income Tax Status (Continued)

The Foundation complies with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*. The FASB ASC requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. During the year ended December 31, 2019, the Foundation did not identify any uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Income tax returns filed by the Foundation are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2016 remain open.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Foundation has \$804,968 of financial assets available within one year as of December 31, 2019, which consists of cash, cash equivalents, certificates of deposit, and liquid investments that mature within one year. None of the financial assets are subject to donor restriction, contractual limitations, or Board designation that make those assets unavailable for general expenditure. The Foundation invests all excess cash within its investment account and in accordance with its investment policy.

The Foundation has a goal to maintain operating cash 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. As of December 31, 2019, the Foundation's cash and cash equivalents were comprised of \$68,059 in operating cash and \$262,993 in other interest-bearing cash equivalents.

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity.

EYE FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level I – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level II – Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level III – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation’s assessment of the quality risk, or liquidity profile of the asset or liability.

A significant portion of the Foundation’s investment assets are classified within Level I because they comprise mutual funds with readily determinable fair values based on daily redemption values. The Foundation invests in certificates of deposit and obligation bonds traded in the financial markets.

The following table presents assets measured at fair value on a recurring basis as of December 31, 2019:

	Level I	Level II	Level III	Total
Mutual funds:				
Equity funds	\$ 3,945	\$ -	\$ -	\$ 3,945
Bond funds	26,850	-	-	26,850
Real estate funds	32,095	-	-	32,095
International funds	584	-	-	584
Exchange traded funds	410,442	-	-	410,442
	<u>\$ 473,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,916</u>

EYE FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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, 2019:

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

Exchange-traded funds: The carrying amounts reported on the statements of financial position – modified cash basis for exchange-traded funds are based on quoted market prices.

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 4 – DONATED SUPPLIES AND SERVICES

In 2019, the Foundation received donated supplies valued at \$364,809. The Foundation has included these amounts in both donated materials and charitable donations expense in the statement of activities – modified cash basis and changes in net assets for the year ended December 31, 2019.

NOTE 5 – MAJOR CONTRIBUTORS AND GRANTORS

The foundation received \$614,809 from two donors 2019, making up 69% of total revenues. Any reductions in the level of this support might have a significant impact on the operations of the Foundation.

NOTE 6 – RELATED PARTY TRANSACTIONS

The medical director, president, treasurer and founder of the Foundation is also a board member and officer of the Goutami Eye Institute (Institute). In 2019, the Foundation made contributions of cash and non-cash (equipment and supplies) to the Institute in the amount of \$377,625.

NOTE 7 – CHANGE IN BASIS OF ACCOUNTING AND PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2019, the Foundation determined, to best reflect the results of its operations to stakeholders, that a change in basis of accounting was necessary. Therefore, during 2019, the Foundation transitioned from an accrual basis to the modified cash basis of accounting. The Foundation then made appropriate changes to the 2018 retained earnings to reflect this modification. The following is a summary of changes from the accrual basis to the modified cash basis of accounting for the year ended December 31, 2019:

EYE FOUNDATION OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 7 – CHANGE IN BASIS OF ACCOUNTING AND PRIOR PERIOD ADJUSTMENT
(Continued)**

	As Previously Reported	Modified Cash Basis
Cash and cash equivalents	\$ 77,739	\$ 77,739
Accounts receivable, net	23,053	-
Investments	568,253	568,253
 Total assets	 \$ 669,045	 \$ 645,992
 Net assets	 669,045	 645,992
 Total liabilities and net assets	 \$ 669,045	 \$ 645,992
 Total revenue	 \$ 557,280	 \$ 534,227
Total expense	452,976	452,976
 Total change in net assets without donor restrictions	 104,304	 81,251
Beginning net assets without donor restrictions	564,741	564,741
 Ending net assets without donor restrictions	 \$ 669,045	 \$ 645,992

NOTE 8 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through August 25, 2020, the date on which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Foundation, although subject to lockdown, has remained fully operational and continues to serve its stakeholders to accomplish its mission. We cannot reasonably estimate the length or severity of this pandemic or the extent to which the disruption may materially impact the Foundation’s financial position, change in net assets, or cash flows in 2020.

Additionally, effective April 27, 2020, the Foundation has been entered in the United Kingdom’s Register of Charities with the Registered Charity Number 1189218.