

**Eye Care For Kids dba
The Eye Care For Kids Family of Charities**

Consolidated Financial Statements
Includes Operations in AZ, CA, NJ, NV, and UT

December 31, 2019

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Consolidated Financial Statements
December 31, 2019

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Certified Public Accountants

Independent Auditors' Report

To The Board of Directors for
Eye Care For Kids

We have audited the accompanying statement of consolidated financial position of Eye Care For Kids, a nonprofit organization as of December 31, 2019, and the related consolidated statements of activity and net assets, and cash flow 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 statement 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. 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Eye Care For Kids as of December 31, 2019 and the results of its operations and its cash flow for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Davies Allen, P.C.

Salt Lake City, UT
March 24, 2020

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Eye Care For Kids dba
The Eye Care For Kids Family of Charities
Consolidated Statement of Financial Position
For the Year Ended December 31, 2019

| | Assets |
|---|-----------------------------------|
| Current Assets | 2019 |
| Cash and Cash Equivalents | \$ 547,448 |
| Inventory | 2,766,862 |
| Total Current Assets | <u>3,314,310</u> |
| Fixed Assets | |
| Buildings | 766,838 |
| Land | 317,931 |
| Leasehold Improvements | 124,000 |
| Equipment | 691,961 |
| Vehicles | 307,230 |
| Accumulated Depreciation | (967,039) |
| Total Fixed Assets | <u>1,240,921</u> |
| Total Assets | <u>\$ 4,555,231</u> |
| | Liabilities and Net Assets |
| Current Liabilities | |
| Accounts Payable | \$ 23,665 |
| Accrued Liabilities | 2,567 |
| Current Portion of Long-Term Debt | 35,107 |
| Total Current Liabilities | <u>61,339</u> |
| Long Term Liabilities | |
| Mortgage Payable | 776,571 |
| Less Current Portion | (35,107) |
| Total Long Term Liabilities | <u>741,464</u> |
| Total Liabilities | <u>802,803</u> |
| Net Assets | |
| Net Assets without Donor Restrictions | 3,752,428 |
| Net Assets with Donor Restrictions | - |
| Total Net Assets | <u>3,752,428</u> |
| Total Liabilities and Net Assets | <u>\$ 4,555,231</u> |

See Accountants' Report and Notes

Eye Care For Kids dba
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Consolidated Statements of Activities and Net Assets
For the Year Ended December 31, 2019

| | Net Assets without Donor Restrictions | Net Assets with Donor Restrictions | Total |
|---|--|---|---------------------|
| Revenues and Other Support | | | |
| Donations | \$ 1,355,451 | \$ - | \$ 1,355,451 |
| Donations In Kind | 2,633,798 | | 2,633,798 |
| Service Income | 711,220 | | 711,220 |
| Clinic Income | 477,000 | - | 477,000 |
| Other Income | 25,428 | - | 25,428 |
| Total Revenues | <u>5,202,897</u> | <u>-</u> | <u>5,202,897</u> |
| Net Assets Released From Restriction | | | |
| Satisfaction of Program Restriction | - | - | - |
| Satisfaction of Asset Acquisition | - | - | - |
| Change is Net Assets Released from Restriction | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenses | | | |
| Program Services | 5,111,832 | - | 5,111,832 |
| Management and General | 254,226 | - | 254,226 |
| Fundraising | 169,806 | - | 169,806 |
| Total Expenses | <u>5,535,864</u> | <u>-</u> | <u>5,535,864</u> |
| Change in Net Assets | <u>(332,967)</u> | <u>-</u> | <u>(332,967)</u> |
| Net Assets - Beginning of Year | <u>4,085,395</u> | <u>-</u> | <u>4,085,395</u> |
| Net Assets - End of Year | <u>\$ 3,752,428</u> | <u>\$ -</u> | <u>\$ 3,752,428</u> |

See Accountants' Report and Notes

Eye Care For Kids dba
The Eye Care For Kids Family of Charities
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2019

| | 2019 |
|--|--------------|
| Cash Flows from Operating Activities | |
| Change in Net Assets | \$ (332,967) |
| Adjustments to Reconcile Net Loss to Net Cash from Operating Activities | |
| Changes in Operating Assets and Liabilities: | |
| Depreciation and Amortization | 120,337 |
| Gain on Sale of Assets | - |
| Prepaid Salary | 40 |
| Accounts Payable | (9,383) |
| Accrued Liabilities | (10,841) |
| Net Adjustments | 100,153 |
| Net Cash from Operating Activities | (232,814) |
| Cash Flows from Investing Activities | |
| Purchase of Property & Equipment | (12,000) |
| Proceeds From Sale of Assets | - |
| Purchase of Inventory | (48,917) |
| Net Cash Used in Investing Activities | (60,917) |
| Cash Flows from Financing Activities | |
| Payment for Notes Payable | (34,507) |
| Net Cash from Financing Activities | (34,507) |
| Net Change in Cash | (328,238) |
| Cash - Beginning of Year | 875,686 |
| Cash – End of Year | \$ 547,448 |
| Supplemental Cash Flow Information | |
| Interest Paid | \$ 42,851 |

See Accountants' Report and Notes

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Consolidated Statement of Functional Expenses
For the Year January 1, 2019 thru December 31, 2019

| | <u>Supporting Services</u> | | | Total |
|---|-----------------------------|-----------------------------------|--------------------------|----------------------------|
| | Program Services | Management and General | Fundraising | |
| Cost of Goods | \$ 3,248,768 | | | \$ 3,248,768 |
| Gross Wages | 805,829 | 30,784 | 7,696 | 844,309 |
| Outside Services | 472,144 | 99,086 | 109,432 | 680,662 |
| President/CEO Wages | 120,243 | 27,749 | 36,998 | 184,990 |
| Payroll Taxes | 88,726 | | | 88,726 |
| Insurance | 48,612 | | | 48,612 |
| Travel | 8,942 | 3,008 | | 11,950 |
| Accounting Expenses | - | 35,440 | | 35,440 |
| Vehicle Expenses | 22,099 | | | 22,099 |
| Employee Health Insurance | 18,445 | 6,148 | | 24,593 |
| Legal Expense | - | 11,549 | | 11,549 |
| Office Expense | 33,736 | 20,333 | | 54,069 |
| Repairs and Maintenance | 3,624 | 1,208 | | 4,832 |
| Utilities | 10,924 | 3,641 | | 14,565 |
| Employee Benefits | 17,400 | | | 17,400 |
| Telephone | 12,617 | 4,206 | | 16,823 |
| Meals and Entertainment | 9,700 | 109 | 13 | 9,822 |
| Marketing | 257 | | 2,572 | 2,829 |
| Operating Supplies | 20,549 | 244 | | 20,793 |
| Miscellaneous | 389 | - | | 389 |
| Dues & Subscriptions | - | 3,605 | | 3,605 |
| Credit Card Disc | 4,205 | | | 4,205 |
| Permits & Licenses | 4,034 | 2,448 | | 6,482 |
| Advertising & Promotion | - | | 13,095 | 13,095 |
| Laundry and Uniforms | 1,702 | | | 1,702 |
| Freight & Postage | 895 | 33 | | 928 |
| Rent | - | 214 | | 214 |
| Income Tax - Unrelated Business | - | | | - |
| Total Expenses Before Depreciation | <u>4,953,840</u> | <u>249,805</u> | <u>169,806</u> | <u>5,373,451</u> |
| Interest Income | (59) | | | (59) |
| Interest Expense | 38,430 | 4,421 | | 42,851 |
| (Gain) Loss on Assets | (716) | | | (716) |
| Depreciation | 120,337 | - | | 120,337 |
| Total Expenses | <u><u>\$ 5,111,832</u></u> | <u><u>\$ 254,226</u></u> | <u><u>\$ 169,806</u></u> | <u><u>\$ 5,535,864</u></u> |

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Notes to Consolidated Financial Statements

December 31, 2019

Note 1 – Summary of Significant Accounting Policies

Nature of Operations – Eye Care For Kids (the “Organization”) was incorporated under the laws of the State of Utah as a nonprofit corporation on February 15, 2002. The Organization’s mission is to serve and administer relief, by providing proper eye care for visually impaired children and other individuals of our community. The Organization is committed to providing high-quality eye care and vision education. Since 2001 Eye Care for Kids Foundation has grown to serve over 300,000 children in several clinics in Utah, Nevada, Arizona, New Jersey, California, Indian reservations trips and its International Humanitarian Outreach.

Management Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from these estimates.

Financial Statement Presentation - Eye Care For Kids prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. The operations of Utah, Nevada, Arizona, New Jersey, and California are all consolidated into the financials.

Cash and Cash Equivalents – The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company has no cash equivalents as of the balance sheet

Inventory - Inventory consists of eyeglass frames and lenses and are valued at cost if purchased and fair market value if donated.

Depreciation - The Company depreciates using the straight line method over the useful life of the asset, 5, 7, 15, or 39 years.

Income Taxes – The Organization is a disregarded entity with the single member being a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Management has evaluated income tax position taken or expected to be taken, if any, on income tax returns filed and the likelihood that, upon examination by relevant jurisdictions, those income tax positions would be sustained. Based on the results of this evaluation management determined there are no positions that necessitated disclosures and/or adjustments. All required filings are current.

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Notes to Consolidated Financial Statements

December 31, 2019

Note 2 - In-Kind Donations

The Organization receives large amounts of in-kind donations each year. The largest part of the In-Kind donations are eye glass frames and lens inventory. The Organization has determined to value these at the estimated wholesale value. Other In-Kind donations include supplies, leasehold improvements, and rent all valued at estimated market value.

Note 3 - In-Kind Expense

The In-Kind Expense are the recorded when the company uses goods or services that were donated in In-Kind. The expense is valued at the same price as the donation received, the estimated market value. The largest part of this expense is the cost of goods In-Kind for the use of inventory assets. The Organization also has In-Kind expense for supplies, services and rent.

| <u>In-Kind Expenses</u> | <u>Amount</u> |
|-------------------------|---------------|
| Cost of Goods | \$ 2,265,280 |
| Rent | 216,167 |
| Supplies | 40,298 |
| Services | 112,053 |
| Total | \$ 2,633,798 |

Note 4- Cash and Cash Equivalents

| | <u>Carrying Amount</u> | <u>Fair Value</u> |
|-------------------|----------------------------|-------------------|
| Financial Assets: | \$ 1,124,248 | \$ 875,686 |

Concentration of Risk - The Company has multiple accounts with Bank of Nevada and Zions Bank. The total funds held in these accounts at December 31, 2019 was \$547,448, of that amount \$455,518 is covered by FDIC insurance.

Note 5 - Inventory

The inventory asset consists of eye glass frames and lens. The inventory is valued at its historical purchase price or the estimated wholesale value if the inventory is acquired through an In-Kind donation. The Organization counts and inspects the inventory regularly to determine accurate values and if any of the inventory has become obsolete. As of December 31, 2019 the inventory balance is \$2,766,862.

Note 6 - Mortgage and Notes Payable

Mortgage payable to Zions bank in the original principal amount of \$945,000, due on August 1, 2034 fixed interest rate of 5.31% payable monthly as monthly interest and principal payments of \$6,441 beginning August 14, 2015. The Mortgage is secured by the organization's building in Salt Lake City, Utah. The outstanding principal balance as of December 31, 2018 is \$776,571.

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Note 6 - Mortgage and Notes Payable (Continued)

Future scheduled maturities of long-term debt are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> |
|--|------------------|
| 2020 | 35,107 |
| 2021 | 37,017 |
| 2022 | 39,031 |
| 2023 | 41,155 |
| 2024 | 42,625 |
| Thereafter | <u>581,635</u> |
| Total minimum future payments required | \$ 776,571 |

Note 7 - Donor Restrictions on Assets

Some of the donations are location specific but there are no restriction on what they can be used for. Each location has its own seperate bank accounts and operates as an independent clinic. As such it has been determined that they qualify as assets without donor restrictions.

Note 8 - Subsequent Event Evaluation Date

Subsequent events have been evaluated through March 24, 2020, which is the date the financial statements were available to be issued