

**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, 2021

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Consolidated Financial Statements
December 31, 2021

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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, 2021, 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, 2021 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
June 7, 2021

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Consolidated Statement of Financial Position
For the Year Ended December 31, 2021

	Assets
Current Assets	2021
Cash and Cash Equivalents	\$ 2,066,578
Inventory	2,573,761
Total Current Assets	<u>4,640,339</u>
Fixed Assets	
Buildings	1,588,625
Land	317,931
Leasehold Improvements	124,000
Equipment	761,720
Vehicles	307,230
Accumulated Depreciation	<u>(1,127,423)</u>
Total Fixed Assets	<u>1,972,084</u>
Total Assets	<u><u>\$ 6,612,422</u></u>
	Liabilities and Net Assets
Current Liabilities	
Accounts Payable	\$ 41,010
Accrued Liabilities	1,355
Current Portion of Long-Term Debt	<u>69,627</u>
Total Current Liabilities	<u>111,992</u>
Long Term Liabilities	
Mortgage Payable	1,371,673
PPP Loan	-
Less Current Portion	<u>(69,627)</u>
Total Long Term Liabilities	<u>1,302,046</u>
Total Liabilities	<u>1,414,038</u>
Net Assets	
Net Assets without Donor Restrictions	5,198,383
Net Assets with Donor Restrictions	<u>-</u>
Total Net Assets	<u>5,198,383</u>
Total Liabilities and Net Assets	<u><u>\$ 6,612,422</u></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, 2021

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Revenues and Other Support			
Donations	\$ 2,397,616	\$ -	\$ 2,397,616
Donations In Kind	1,890,009	-	1,890,009
Grants	22,500	-	22,500
Service Income	785,000	-	785,000
Clinic Income	477,000	-	477,000
Other Income	477,522	-	477,522
Total Revenues	<u>6,049,647</u>	<u>-</u>	<u>6,049,647</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	4,357,736	-	4,357,736
Management and General	317,606	-	317,606
Fundraising	130,006	-	130,006
Total Expenses	<u>4,805,348</u>	<u>-</u>	<u>4,805,348</u>
Change in Net Assets	<u>1,244,298</u>	<u>-</u>	<u>1,244,298</u>
Net Assets - Beginning of Year	<u>3,954,085</u>	<u>-</u>	<u>3,954,085</u>
Net Assets - End of Year	<u>\$ 5,198,383</u>	<u>\$ -</u>	<u>\$ 5,198,383</u>

See Accountants' Report and Notes

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Consolidated Statement of Cash Flows
For the Year Ended December 31, 2021

	2021
Cash Flows from Operating Activities	
Change in Net Assets	\$ 1,244,298
Adjustments to Reconcile Net Loss to	
Net Cash from Operating Activities	
Changes in Operating Assets and Liabilities:	
Depreciation and Amortization	74,851
Accounts Payable	18,764
Net Adjustments	93,615
Net Cash from Operating Activities	1,337,914
 Cash Flows from Investing Activities	
Purchase of Property & Equipment	(818,428)
Purchase of Inventory	(78,480)
Net Cash Used in Investing Activities	(896,908)
 Cash Flows from Financing Activities	
Proceeds from Notes Payable	462,513
Net Cash from Financing Activities	462,513
 Net Change in Cash	903,519
 Cash - Beginning of Year	1,163,059
 Cash – End of Year	\$ 2,066,578
 Supplemental Cash Flow Information	
Interest Paid	\$ 52,044

See Accountants' Report and Notes

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Consolidated Statement of Functional Expenses
For the Year January 1, 2021 thru December 31, 2021

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Cost of Goods	\$ 2,248,692	\$ -	\$ -	\$ 2,248,692
Gross Wages	552,648	155,235	18,016	725,899
Outside Services	853,458	54,990	81,815	990,264
President/CEO Wages	88,995	62,297	26,698	177,990
Payroll Taxes	84,024	-	-	84,024
Insurance	74,500	-	-	74,500
Travel	27,461	-	-	27,461
Accounting Expenses	-	35,410	-	35,410
Vehicle Expenses	32,404	-	-	32,404
Employee Health Insurance	19,524	-	-	19,524
Legal Expense	-	624	-	624
Office Expense	37,278	-	-	37,278
Repairs and Maintenance	9,005	-	-	9,005
Utilities	13,732	-	-	13,732
Employee Benefits	2,992	-	-	2,992
Telephone	10,898	-	-	10,898
Meals and Entertainment	9,187	-	71	9,259
Marketing	40,744	-	-	40,744
Operating Supplies	69,472	597	234	70,304
Miscellaneous	4	-	-	4
Dues & Subscriptions	-	3,454	-	3,454
Credit Card Disc	13,384	-	-	13,384
Permits & Licenses	4,533	-	-	4,533
Advertising & Promotion	-	5,000	-	5,000
Laundry and Uniforms	3,162	-	-	3,162
Information Technology	30,867	-	3,880	34,747
Freight & Postage	4,226	-	-	4,226
Rent	(350)	-	-	(350)
Donations	-	-	-	-
Income Tax - Unrelated Business	-	-	-	-
Total Expenses Before Depreciation	4,230,840	317,606	130,716	4,679,162
Interest Income	-	-	-	-
Dividend Income	-	-	710	710
Interest Expense	(52,044)	-	-	(52,044)
Other Income	-	-	-	-
Depreciation	(74,851)	-	-	(74,851)
Total Expenses	\$ 4,357,736	\$ 317,606	\$ 130,006	\$ 4,805,348

See Accountants' Report and Notes

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Notes to Consolidated Financial Statements

December 31, 2021

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 400,000 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 received a stock portfolio donation during 2021 with a value of \$998,240 that is classified as a cash equivalent.

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, 2021

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, advertising and rent.

<u>In-Kind Expenses</u>	<u>Amount</u>
Cost of Goods	\$ 1,698,532
Advertising	5,000
Supplies	597
Services	163,817
Total	\$ 1,867,946

Note 4- Cash and Cash Equivalents

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:	\$ 2,747,128	\$ 2,066,578

Concentration of Risk - The Company has multiple accounts with Zion's Bank, Nevada State Bank and Chase Bank. The total funds held in these accounts at December 31, 2021 was \$2,747,128, of that amount \$750,000 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, 2021 the inventory balance is \$2,573,761.

Note 6 - Mortgage and Notes Payable

The Organization received a construction loan from Zions Bank with an initial balance of \$1,382,825. The loan was converted from a construction loan to a term loan on October 1, 2021. The loan is due on October 1, 2036, has a fixed interest rate of 4.00% and is payable monthly as monthly interest and principal payments of \$10,269 beginning October 1, 2021. The Mortgage is secured by the organization's building in Salt Lake City, Utah. The outstanding principal balance as of December 31, 2021 is \$1,371,673.

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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>
2022	69,627
2023	72,464
2024	75,416
2025	78,489
2026	81,687
Thereafter	993,990
Total minimum future payments required	<u>\$ 1,371,673</u>

Note 7 - PPP Loan

During 2020 the Company applied for and received a PPP loan. Forgiveness was applied for and was granted in 2021. As such, the forgiven amount was included in Other Income.

Note 8 - 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 9 - Subsequent Event Evaluation Date

Subsequent events have been evaluated through June 7, 2022 which is the date the financial statements were available to be issued.