

**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, 2022

**Eye Care For Kids dba**  
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Consolidated Financial Statements  
December 31, 2022

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*Certified Public Accountants*

**Independent Auditors' Report**

To The Board of Directors for  
Eye Care For Kids

**Opinion**

We have audited the accompanying financial statements of Eye Care For Kids, a nonprofit organization as of December 31, 2022, and the related statements of income, retained earnings, 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 Eye Care For Kids as of December 31, 2022, and the results of its operations 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 Eye Care For Kids 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 Eye Care For Kids'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. 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 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.

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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 Eye Care For Kids’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 Eye Care For Kids’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.

*Davies Allen, P.C.*

Salt Lake City, Utah  
March 20, 2023

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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, 2022

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|   | <b>Assets</b>                     |
|---|-----------------------------------|
| <b>Current Assets</b>                   | <b>2022</b>                       |
| Cash and Cash Equivalents               | \$ 1,824,163                      |
| Inventory                               | 3,078,162                         |
| <b>Total Current Assets</b>             | <u>4,902,324</u>                  |
| <b>Fixed Assets</b>                     |                                   |
| Buildings                               | 1,588,625                         |
| Land                                    | 317,931                           |
| Leasehold Improvements                  | 185,660                           |
| Equipment                               | 782,696                           |
| Vehicles                                | 307,231                           |
| Accumulated Depreciation                | <u>(1,210,965)</u>                |
| <b>Total Fixed Assets</b>               | <u>1,971,177.59</u>               |
| <b>Total Assets</b>                     | <u>\$ 6,873,502</u>               |
|   | <b>Liabilities and Net Assets</b> |
| <b>Current Liabilities</b>              |                                   |
| Accounts Payable                        | \$ 53,034                         |
| Accrued Liabilities                     | 2,447                             |
| Current Portion of Long-Term Debt       | <u>72,464</u>                     |
| <b>Total Current Liabilities</b>        | <u>127,945</u>                    |
| <b>Long Term Liabilities</b>            |                                   |
| Mortgage Payable                        | 1,302,802                         |
| PPP Loan                                | -                                 |
| Less Current Portion                    | <u>(72,464)</u>                   |
| <b>Total Long Term Liabilities</b>      | <u>1,230,338</u>                  |
| <b>Total Liabilities</b>                | <u>1,358,283</u>                  |
| <b>Net Assets</b>                       |                                   |
| Net Assets without Donor Restrictions   | 5,515,219                         |
| Net Assets with Donor Restrictions      | <u>-</u>                          |
| <b>Total Net Assets</b>                 | <u>5,515,219</u>                  |
| <b>Total Liabilities and Net Assets</b> | <u>\$ 6,873,502</u>               |

See Accountants' Report and Notes

**Eye Care For Kids dba**  
**The Eye Care For Kids Family of Charities**  
Consolidated Statements of Activities and Net Assets  
For the Year Ended December 31, 2022

|   | <b>Net Assets<br/>without Donor<br/>Restrictions</b> | <b>Net Assets<br/>with Donor<br/>Restrictions</b> | <b>Total</b>        |
|---|--|---|---------------------|
| <b>Revenues and Other Support</b>                         |  |   |                     |
| Donations   | \$ 2,188,734   | \$ -  | \$ 2,188,734        |
| Donations In Kind   | 4,210,950  | -   | 4,210,950           |
| Grants  | -  | -   | -                   |
| Service Income  | 794,148  | -   | 794,148             |
| Clinic Income   | -  | -   | -                   |
| Other Income  | 114,801  | -   | 114,801             |
| <b>Total Revenues</b>                                     | <u>7,308,632.37</u>                                  | <u>-</u>  | <u>7,308,632</u>    |
| <b>Net Assets Released From Restriction</b>               |  |   |                     |
| Satisfaction of Program Restriction                       | -  | -   | -                   |
| Satisfaction of Asset Acquisition                         | -  | -   | -                   |
| <b>Change is Net Assets Released from<br/>Restriction</b> | <u>-</u>   | <u>-</u>  | <u>-</u>            |
| <b>Expenses</b>   |  |   |                     |
| Program Services  | 6,435,484  | -   | 6,435,484           |
| Management and General                                    | 333,800  | -   | 333,800             |
| Fundraising   | 222,513  | -   | 222,513             |
| <b>Total Expenses</b>                                     | <u>6,991,797</u>                                     | <u>-</u>  | <u>6,991,797</u>    |
| <b>Change in Net Assets</b>                               | <u>316,836</u>                                       | <u>-</u>  | <u>316,836</u>      |
| <b>Net Assets - Beginning of Year</b>                     | <u>5,198,384</u>                                     | <u>-</u>  | <u>5,198,384</u>    |
| <b>Net Assets - End of Year</b>                           | <u>\$ 5,515,219</u>                                  | <u>\$ -</u>                                       | <u>\$ 5,515,219</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, 2022

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|  | <b>2022</b>  |
|--|--------------|
| <b>Cash Flows from Operating Activities</b>  |              |
| Change in Net Assets   | \$ 316,836   |
| <b>Adjustments to Reconcile Net Loss to<br/>Net Cash from Operating Activities</b> |              |
| Changes in Operating Assets and Liabilities:                                       |              |
| Depreciation and Amortization  | 83,542       |
| Accounts Payable   | 13,116       |
| Net Adjustments  | 96,658       |
| <b>Net Cash from Operating Activities</b>  | 413,494      |
| <b>Cash Flows from Investing Activities</b>  |              |
| Purchase of Property & Equipment   | (82,637)     |
| Purchase of Inventory  | (504,400)    |
| <b>Net Cash Used in Investing Activities</b>                                       | (587,037)    |
| <b>Cash Flows from Financing Activities</b>  |              |
| Payments to Notes Payable  | (68,872)     |
| <b>Net Cash from Financing Activities</b>  | (68,872)     |
| <b>Net Change in Cash</b>  | (242,415)    |
| <b>Cash - Beginning of Year</b>  | 2,066,578    |
| <b>Cash – End of Year</b>  | \$ 1,824,163 |
| <b>Supplemental Cash Flow Information</b>  |              |
| Interest Paid  | \$ 54,355    |

See Accountants' Report and Notes

**Eye Care For Kids dba**  
**The Eye Care For Kids Family of Charities**  
Consolidated Statement of Functional Expenses  
For the Year January 1, 2022 thru December 31, 2022

|   | <b>Supporting Services</b> |                               |                    | <b>Total</b>        |
|---|----------------------------|-------------------------------|--------------------|---------------------|
|   | <b>Program Services</b>    | <b>Management and General</b> | <b>Fundraising</b> |                     |
| Cost of Goods                             | \$ 3,690,065               | \$ -                          | \$ -               | \$ 3,690,065        |
| Gross Wages                               | 861,541                    | 148,935                       | 20,754             | 1,031,230           |
| Outside Services                          | 1,084,586                  | 72,000                        | 127,123            | 1,283,709           |
| President/CEO Wages                       | 100,495                    | 70,347                        | 30,149             | 200,990             |
| Payroll Taxes                             | 115,143                    | -                             | -                  | 115,143             |
| Insurance                                 | 75,553                     | -                             | -                  | 75,553              |
| Travel                                    | 35,847                     | -                             | -                  | 35,847              |
| Accounting Expenses                       | -                          | 24,150                        | -                  | 24,150              |
| Vehicle Expenses                          | 44,950                     | -                             | -                  | 44,950              |
| Employee Health Insurance                 | 40,593                     | -                             | -                  | 40,593              |
| Legal Expense                             | -                          | 14,070                        | -                  | 14,070              |
| Office Expense                            | 40,334                     | 103                           | -                  | 40,437              |
| Repairs and Maintenance                   | 9,430                      | -                             | -                  | 9,430               |
| Utilities                                 | 13,895                     | -                             | -                  | 13,895              |
| Employee Benefits                         | 892                        | -                             | -                  | 892                 |
| Telephone                                 | 11,982                     | -                             | -                  | 11,982              |
| Meals and Entertainment                   | 14,311                     | 23                            | -                  | 14,334              |
| Marketing                                 | 51,355                     | -                             | 1,088              | 52,443              |
| Operating Supplies                        | 23,849                     | -                             | -                  | 23,849              |
| Miscellaneous                             | -                          | -                             | -                  | -                   |
| Dues & Subscriptions                      | 7,290                      | 4,123                         | -                  | 11,413              |
| Credit Card Disc                          | 4,722                      | -                             | -                  | 4,722               |
| Permits & Licenses                        | 4,773                      | 50                            | -                  | 4,823               |
| Advertising & Promotion                   | -                          | -                             | -                  | -                   |
| Laundry and Uniforms                      | 2,058                      | -                             | -                  | 2,058               |
| Information Technology                    | 45,169                     | -                             | -                  | 45,169              |
| Freight & Postage                         | 3,753                      | -                             | -                  | 3,753               |
| Rent                                      | 15,000                     | -                             | -                  | 15,000              |
| Donations                                 | -                          | -                             | -                  | -                   |
| Income Tax - Unrelated Business           | -                          | -                             | -                  | -                   |
| <b>Total Expenses Before Depreciation</b> | <b>6,297,587</b>           | <b>333,800</b>                | <b>179,114</b>     | <b>6,810,500</b>    |
| Interest Income                           | -                          | -                             | -                  | -                   |
| Dividend Income                           | -                          | -                             | (43,399)           | (43,399)            |
| Interest Expense                          | (54,355)                   | -                             | -                  | (54,355)            |
| Other Income                              | -                          | -                             | -                  | -                   |
| Depreciation                              | (83,542)                   | -                             | -                  | (83,542)            |
| <b>Total Expenses</b>                     | <b>\$ 6,435,484</b>        | <b>\$ 333,800</b>             | <b>\$ 222,513</b>  | <b>\$ 6,991,797</b> |

See Accountants' Report and Notes



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

Notes to Consolidated Financial Statements

December 31, 2022

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**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 that is classified as a cash equivalent. The value as of December 31, 2022 was \$953,925.

***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, 2022

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**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 market 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 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           | \$ 3,967,347  |
| Office                  | 2,000         |
| Rent                    | 15,000        |
| Services                | 209,130       |
| Supplies                | 7,573         |
| Vehicle                 | 9,900         |
| Total                   | \$ 4,210,950  |

**Note 4- Cash and Cash Equivalents**

|                   | <u>Carrying<br/>Amount</u> | <u>Fair Value</u> |
|-------------------|----------------------------|-------------------|
| Financial Assets: | \$ 2,063,744               | \$ 1,824,163      |

**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, 2022 was \$2,063,744, 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, 2022 the inventory balance is \$3,078,162.

**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, 2022 is \$1,302,802.

**Eye Care For Kids dba**  
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Notes to Consolidated Financial Statements  
December 31, 2022

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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>    |
|--|---------------------|
| 2023                                   | 72,464              |
| 2024                                   | 75,416              |
| 2025                                   | 78,489              |
| 2026                                   | 81,687              |
| 2027                                   | 85,015              |
| Thereafter                             | 909,731             |
| Total minimum future payments required | <u>\$ 1,302,802</u> |

**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 10 - Subsequent Event Evaluation Date**

Subsequent events have been evaluated through March 20, 2023, which is the date the financial statements were available to be issued