

Audited Consolidated Financial Statements
and Consolidating Information

Kentucky Lions Eye Foundation, Inc. and Affiliate

June 30, 2017 and 2016

Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Consolidating Information	
Consolidating Statement of Financial Position	18
Consolidating Statement of Activities	19

Independent Auditors' Report



Board of Trustees
Kentucky Lions Eye Foundation, Inc.
Louisville, Kentucky

We have audited the accompanying consolidated financial statements of Kentucky Lions Eye Foundation, Inc. and Affiliate (collectively referred to as the "Foundation"), which are comprised of the consolidated statement of financial position as of June 30, 2017 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements. We have also audited the accompanying financial statements of KY Lions Eye Foundation Inc, which are comprised of the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Foundation's preparation and fair presentation of the consolidated 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 Foundation'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 consolidated 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 2017 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Kentucky Lions Eye Foundation, Inc. and Affiliate as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2016 financial statements present fairly in all material respects, the financial position of the Kentucky Lions Eye Foundation, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our 2017 audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information on pages 18 through 19 is presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, results of operations and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Stoutman and Company PSC
Louisville, Kentucky
January 29, 2018

Consolidated Statements of Financial Position

Kentucky Lions Eye Foundation, Inc. and Affiliate

	June 30	
	2017	2016
Assets		
Cash and cash equivalents	\$ 69,008	\$ 80,063
Accounts receivable	327,454	202,872
Service endowment pledges receivable, net of discount	13,708	13,598
Investments	3,015,472	2,906,541
Funds held in trust by others		81,278
Property and equipment, net of accumulated depreciation	376,819	350,699
Other assets	12,376	35,505
Total Assets	\$ 3,814,837	\$ 3,670,556
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 287,684	\$ 127,356
Net Assets		
Unrestricted		
Undesignated	1,167,529	1,368,012
Board designated	907,283	846,749
Total Unrestricted Net Assets	2,074,812	2,214,761
Temporarily restricted	78,844	74,755
Permanently restricted	1,373,497	1,253,684
Total Net Assets	3,527,153	3,543,200
Total Liabilities and Net Assets	\$ 3,814,837	\$ 3,670,556

See Notes to Consolidated Financial Statements

Consolidated Statements of Activities

Kentucky Lions Eye Foundation, Inc. and Affiliate

	Year Ended June 30, 2017			Year Ended June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues							
Eyebank processing fees	\$ 2,092,221			\$ 1,808,245			\$ 1,808,245
Donations							
Patron Fund		\$ 16,600	\$ 8,810		\$ 6,400	\$ 6,725	13,125
Kidsight		12,960			13,858		13,858
Kidsight screening equipment					27,150		27,150
Mobile eye screening					19,762		19,762
Service endowment						637	637
General	71,640	32,172		56,633			56,633
Grants	48,700						
Basketball banquet/game							
Donations	6,597			11,748			11,748
Other revenue	61,743			50,630			50,630
Investment income (loss), net		25,925	111,742	10,107	28,255	(41,240)	(2,878)
Income (loss) from trust funds held by others	176,652						
Wrege trust income (loss)		2,551	(739)		3,867	(10,354)	(6,487)
Holloran trust income					29,665		29,665
Other income	29,462			17,669			17,669
Net Assets Released from Restrictions	2,487,015	90,208	119,813	1,955,032	128,957	(44,232)	2,039,757
	86,119	(86,119)		302,297	(302,297)		
Total Support and Revenues	2,573,134	4,089	119,813	2,257,329	(173,340)	(44,232)	2,039,757
Expenses							
Program services							
Eye Banking	1,964,640			1,691,963			1,691,963
Vision screening & aid to Visually Impaired	160,459			312,054			312,054
Supporting services	539,884			203,720			203,720
Management and general Fundraising	48,100			64,350			64,350
Total Expenses	2,713,083			2,272,087			2,272,087
Change in Net Assets	(139,949)	4,089	119,813	(14,758)	(173,340)	(44,232)	(232,330)
Net Assets Beginning of Year	2,214,761	74,755	1,253,684	2,229,519	248,095	1,297,916	3,775,530
Net Assets End of Year	\$ 2,074,812	\$ 78,844	\$ 1,373,497	\$ 2,214,761	\$ 74,755	\$ 1,253,684	\$ 3,543,200

See Notes to Consolidated Financial Statements

Consolidated Statements of Functional Expenses

Kentucky Lions Eye Foundation, Inc. and Affiliate

	Year Ended June 30, 2017				Year Ended June 30, 2016			
	Program Services		Support Services		Program Services		Support Services	
	Eye Banking	Screening & Aid to Visually Impaired	Management and General	Fund-raising	Eye Banking	Screening & Aid to Visually Impaired	Management and General	Fund-raising
Accounting and legal			42,167		\$ 7,519	\$ 23,322		\$ 30,841
Public relations			747			6,463		6,463
Auto and delivery	46,784	6,113			19,620			19,620
Basketball banquet/game expenses				15,176				8,286
Payroll				32,162				40,028
Other								
Compensation and benefits	846,406	24,829	173,418		598,748	135,643		790,378
Contract services	15,530				22,321			22,321
Convention/meeting expense			35,829			4,052		4,052
Cornea imports	404,976			404,976	546,932			546,932
Cutting fees					84,709			84,709
Depreciation	16,662	67,320	17,117		30,258	1,372		91,955
Donation to KLEB								
Dues			31,700		19,636	527		20,163
Equipment and maintenance	614			614				780
Finis Davis fellowship expense			601			780		
Assistance to visually impaired - Holloran expenses								
Patron Fund		20,614						
Hospital development		39,311						
Insurance			10,488		15,917			24,287
KODA and answering service			23,420		13,514			39,287
Lab fees	110,377				77,962	1,517		16,882
Lab supplies	223,796				63,977			77,962
Medical director	144,865				93,817			63,977
Miscellaneous	111,423				42,250			93,817
Office and other supplies	1,009	2,272	4,462		1,135	199	10,458	91,424
Officers' expenses			87,360		17,452	14,317		15,946
Organization costs			3,483	762		5,992		47,601
Postage, printing and newsletter			55,284					11,570
UofL Eye Clinic	42,198				646	4,088		5,677
Telephone and pagers			20,716		11,172	2,510		55,491
Training								15,812
Travel			33,092		24,378	2,938		29,909
Total Expenses	\$ 1,964,640	\$ 160,459	\$ 539,884	\$ 48,100	\$ 1,591,963	\$ 203,720	\$ 64,350	\$ 2,272,087

See Notes to Consolidated Financial Statements

Consolidated Statements of Cash Flows

Kentucky Lions Eye Foundation, Inc. and Affiliate

	Year Ended June 30	
	2017	2016
Operating Activities		
Change in net assets	\$ (16,047)	\$ (232,330)
Adjustments		
Discount on service endowment pledges and bequests receivable		(38)
Depreciation	101,099	91,955
Loss on sale of equipment	370	
In-kind contribution of equipment		(7,050)
Net realized and unrealized (gain) loss on investments	(289,260)	33,186
Unrealized gain on funds held in trust by others		10,354
Contributions restricted for long-term purposes	(69,532)	(7,362)
Changes in certain operating assets and liabilities		
Accounts receivable	(124,582)	80,478
Service Endowment pledges receivable	(110)	2,500
Other assets	23,129	(641)
Accounts payable and accrued expenses	160,328	(58,108)
	<u>(214,605)</u>	<u>(87,056)</u>
Net Cash Used In Operating Activities	(214,605)	(87,056)
Investing Activities		
Proceeds from sales of investments	1,380,816	1,100,738
Purchases of investments	(1,083,818)	(1,125,009)
Investment fees	(35,391)	(34,023)
Proceeds from sale of equipment	9,500	
Purchases of equipment and software	(137,089)	(63,245)
	<u>134,018</u>	<u>(121,539)</u>
Net Cash Provided By (Used In) Investing Activities	134,018	(121,539)
Financing Activities		
Contributions restricted for long-term purposes	69,532	7,362
	<u>69,532</u>	<u>7,362</u>
	(11,055)	(201,233)
Net Decrease in Cash and Cash Equivalents	(11,055)	(201,233)
Cash and Cash Equivalents Beginning of Year	<u>80,063</u>	<u>281,296</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 69,008</u></u>	<u><u>\$ 80,063</u></u>
Noncash Transactions		
Donated equipment		<u><u>\$ 7,050</u></u>
Donated equipment in settlement of promise to give		<u><u>\$ 167,312</u></u>

See Notes to Consolidated Financial Statements

Kentucky Lions Eye Foundation, Inc. and Affiliate

June 30, 2017 and 2016

Note A--Description of Organization

Nature of the Organization--The Kentucky Lions Eye Foundation, Inc. and its affiliated organization, the Kentucky Lions Eye Bank (collectively referred to as the "Foundation") are nonprofit organizations whose mission is to prevent and cure blindness by supporting eye research, conducting eye screenings, supporting eye clinics and operating the University of Louisville and the University of Kentucky eye bank operations. The Foundation also assists individuals that are not financially capable of obtaining proper eye care. The Foundation's support comes primarily from processing fees at the eye bank and from donor contributions.

The Foundation's support of research is accomplished primarily through a permanently restricted donation of approximately \$1,700,000 that it made to the University of Louisville Foundation, Inc. in prior years to endow a professorship chair at the University of Louisville and to establish the Kentucky Lions Fund for Eye Research. These endowment funds are not included in the accompanying combined financial statements; however, the Foundation serves in an advisory capacity in the use of the income from these funds.

Effective January 1, 2017, the Kentucky Lions Eye Foundation, Inc.'s ("KLEF") Board of Trustees approved a re-organization plan whereby its University of Louisville eye bank operations were transferred to a newly organized not-for-profit entity, KLEB, Inc. d/b/a Kentucky Lions Eye Bank ("KLEB"), which also acquired the eye bank assets and operations of the University Kentucky eye bank. KLEF appointed the majority of the governing board of KLEB. To provide operating capital to KLEB, KLEF issued a line of credit for \$200,000, bearing interest at the prime rate, payable over five years and secured by the assets of KLEB.

KLEB will distribute to the KLEF a minimum of 40% of its net cash flows from its operating activities and 10% each to the University of Louisville and the University of Kentucky. No payments were made during the fiscal year ended June 30, 2017.

Note B--Summary of Significant Accounting Policies

Financial Statement Presentation--The accompanying consolidated financial statements have been prepared to focus on the Foundation as a whole and to present information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. Board-designated amounts are legally unrestricted and are reported as part of unrestricted net assets.

Unrestricted Net Assets

Undesignated (Operating Fund)--This is the general operating fund of the Foundation. It is used to account for all financial resources except those required to be accounted for in another fund.

Board Designated Funds--These funds consist of the KLEF Trust Fund which was established as a trust for investment purposes whereby the dividend and interest income is used to support general fund operations or board designated purposes. Any increase in the value of the corpus of the trust due to increased value of investments is to remain in the corpus unless approved by two-thirds majority of the Board of Directors, at which time they may be utilized for other purposes.

Continued

Kentucky Lions Eye Foundation, Inc. and Affiliate

June 30, 2017 and 2016

Note B--Summary of Significant Accounting Policies--Continued

Temporarily Restricted Net Assets

Holloran, Patrons, Kidsight, and Mobile Vision Van Funds--These funds have been restricted by the donor, grantor, or outside parties for particular operating purposes.

Permanently Restricted Net Assets

Patrons Fund--This fund was established by the past district governors of Lions Multiple District 43 as an endowment to provide income to be used for "above basic" eye care assistance. In accordance with restrictions established by the donor, realized and unrealized gains and losses, to the extent of gains, are to remain as part of the corpus of this fund.

Service Endowment Fund--Contributions to this fund are permanently restricted as an endowment, the income from which is restricted to support service programs of the Foundation.

Wrege Trust--An irrevocable trust established for the benefit of the Foundation to be used to aid those needing financial assistance to obtain eye surgery to correct or prevent blindness.

Contributions--Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

In-kind contributions are recorded at fair value and recognized as support and expenses in the accounting period when they are received.

Cash and Cash Equivalents--The Foundation considers all short-term, highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable--Management periodically reviews the collectability of accounts receivable, and any amounts determined to be uncollectible are charged off to bad debt expense. All accounts receivable were considered to be fully collectible at June 30, 2017 and 2016, thus no allowance for uncollectible accounts receivable has been recorded.

Investments--Investments are recorded at fair value. Donated investments are recorded at their fair value as of the date received. Purchases and sales are recorded on a trade-date basis. Realized and unrealized gains and losses as well as interest and dividend income are included in net investment income (loss) in the consolidated statements of activities. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Continued

Kentucky Lions Eye Foundation, Inc.

June 30, 2017 and 2016

Note B--Summary of Significant Accounting Policies--Continued

Property and Equipment--Property and equipment are recorded at cost if purchased, or at fair market value if contributed. Depreciation is provided over the estimated useful life of each depreciable asset and is computed on the straight-line method. Acquisitions of property and equipment in excess of \$1,000 are capitalized.

Income Tax Status--KLEF and KLEB are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes has been made in the accompanying combined financial statements. They had no unrelated business income for the fiscal years ended June 30, 2017 and 2016.

Accounting principles generally accepted in the United States of America prescribe a comprehensive model of how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. There was no impact on the Foundation's consolidated financial statements as a result of the application of these accounting principles.

Donated Services--The Foundation receives donations of services from a variety of unpaid volunteers and Lions' Clubs. No amounts have been recognized in the accompanying consolidated statements of activities because the services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Functional Expenses--Direct expenses are charged to program, management and general, or fundraising based on specific identification. Indirect expenses have been allocated among the programs and supporting services benefited.

Use of Estimates--The preparation of consolidated 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification--Certain prior year amounts have been reclassified for consistency with current year presentation.

Kentucky Lions Eye Foundation, Inc. and Affiliate

June 30, 2017 and 2016

Note C--Concentrations

Investments--The Foundation maintains its investment portfolio at one investment firm. The Securities Investor Protection Corporation ("SIPC") protects against the loss of cash and securities (but not a decline in value of securities) held by a customer at a SIPC-member brokerage firm up to \$500,000, which includes a \$250,000 limit for cash. At June 30, 2017 and 2016, the Foundation's investment account balances exceeded the SIPC insured amount by approximately \$2,655,000 and \$2,406,000, respectively.

Revenues--The Foundation earned eye bank processing fees of approximately 54% and 64% from three customers for the years ended June 30, 2017 and 2016, respectively. These customers accounted for approximately 40% and 48% of the Foundation's accounts receivable at June 30, 2017 and 2016, respectively.

Note D--Service Endowment Pledges Receivable

Service endowment pledges consist of the following:

	<u>June 30</u>	
	<u>2017</u>	<u>2016</u>
Service endowment pledges	\$ 16,550	\$ 16,675
Discount of multi-year pledges to present value	<u>(2,842)</u>	<u>(3,077)</u>
Service Endowment Pledges Receivable, Net of Discount	<u>\$ 13,708</u>	<u>\$ 13,598</u>
 <u>Expected Year of Collection</u>		
Less than 1 year		\$ 6,550
1 - 5 years		<u>10,000</u>
		<u>\$ 16,550</u>

Service endowment pledges are discounted to fair value using a discount rate of 3.4% as of June 30, 2017 and 2016.

Management periodically assesses the collectability of endowment pledges, and any amounts deemed uncollectible are charged to bad debt expense. All pledges are considered to be fully collectible at June 30, 2017 and 2016, thus no allowance for uncollectible pledges has been recorded.

Kentucky Lions Eye Foundation, Inc. and Affiliate

June 30, 2017 and 2016

Note E--Investments

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of other than quoted prices within Level 1 that are observable for valuing the asset either directly or indirectly, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. All of the Foundation's investments were valued using Level 1 inputs as of June 30, 2017 and 2016.

Investments consist of the following:

	<u>June 30, 2017</u>		
	<u>Quoted Market Prices in Active Markets (Level 1)</u>	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>
Short-Term Investments			
Cash equivalents	\$ 188,312	\$ 188,312	
Long-Term Investments			
Government securities	135,389	135,418	\$ (29)
Bonds	490,928	481,150	9,778
Mutual funds	246,813	111,855	134,958
Common stocks	<u>1,954,030</u>	<u>1,472,431</u>	<u>481,599</u>
Total Long-Term Investments	<u>2,827,160</u>	<u>2,200,854</u>	<u>626,306</u>
Total Investments	<u>\$ 3,015,472</u>	<u>\$ 2,389,166</u>	<u>\$ 626,306</u>

Continued

Notes to Consolidated Financial Statements--Continued

Kentucky Lions Eye Foundation, Inc. and Affiliate

June 30, 2017 and 2016

Note E--Investments--Continued

	June 30, 2016		
	Quoted Market Prices in Active Markets (Level 1)	Cost	Unrealized Gains
Short-Term Investments			
Cash equivalents	\$ 236,609	\$ 236,609	
Long-Term Investments			
Government securities	165,924	164,045	\$ 1,879
Bonds	408,895	387,095	21,800
Mutual funds	236,817	197,107	39,710
Common stocks	1,858,296	1,544,173	314,123
	<u>2,669,932</u>	<u>2,292,420</u>	<u>377,512</u>
Total Long-Term Investments			
	<u>2,669,932</u>	<u>2,292,420</u>	<u>377,512</u>
Total Investments	<u>\$ 2,906,541</u>	<u>\$ 2,529,029</u>	<u>\$ 377,512</u>

Investment income (loss) is summarized as follows:

	June 30	
	2017	2016
Dividend and interest income	\$ 60,450	\$ 64,331
Realized and unrealized gains (loss), net	<u>289,260</u>	<u>(33,186)</u>
Total Investment Income	349,710	31,145
Less investment fees	<u>35,391</u>	<u>34,023</u>
Investment Income (Loss), net	<u>\$ 314,319</u>	<u>\$ (2,878)</u>

Kentucky Lions Eye Foundation, Inc. and Affiliate

June 30, 2017 and 2016

Note F--Endowments

Generally accepted accounting principles provide guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). They also require additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

Endowments Funds

The Foundation's endowment funds consist of the Board Designated Funds and the Permanently Restricted Funds described in Note B. The Foundation's investment and management of donor-restricted endowment funds is governed by UPMIFA and its own governing documents. UPMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UPMIFA.

The restriction on the endowment fund is summarized in the following table:

<u>Endowment Funds</u>	<u>Description</u>
Service Endowment	Earnings are restricted for program services.
Patron Fund	Earnings are restricted for program services.

Endowment Investment Policy

The Foundation has adopted an investment policy, approved by the Board of Directors, for endowment assets that attempts to provide a systematic and growing stream of funds to the Foundation to support its activities. The investment policy guidelines utilize a balanced approach that provides a range and a target asset mix between cash equivalents, fixed income and equity investments.

Endowment Spending Policy

Interest and dividends shall be transferred annually to the program's operating account and expended in accordance with each program's guidelines. Gains on investments of permanently restricted assets shall remain in Corpus. Investment gains on Board Designated assets shall remain in Corpus until the Board of Trustees approves their transfer to unrestricted net assets for their use.

Continued

Notes to Consolidated Financial Statements--Continued

Kentucky Lions Eye Foundation, Inc. and Affiliate

June 30, 2017 and 2016

Note F--Endowments--Continued

Endowment net asset composition by type of fund is summarized as follows:

	Unrestricted - Board Designated	Temporarily Restricted - Patron Fund	Permanently Restricted		Total
			Patron Fund	Service Endowment	
June 30, 2017					
Donor-restricted endowment funds		\$ 38,977	\$ 1,107,033	\$ 266,464	\$ 1,373,497
Board designated endowment funds	\$ 907,283				
Total Endowment Funds	\$ 907,283	\$ 38,977	\$ 1,107,033	\$ 266,464	\$ 1,373,497
June 30, 2016					
Donor-restricted endowment funds		\$ 41,869	\$ 913,605	\$ 258,801	\$ 1,172,406
Board designated endowment funds	\$ 846,749				
Total Endowment Funds	\$ 846,749	\$ 41,869	\$ 913,605	\$ 258,801	\$ 1,172,406

Continued

Notes to Consolidated Financial Statements--Continued

Kentucky Lions Eye Foundation, Inc. and Affiliate

June 30, 2017 and 2016

Note F--Endowments--Continued

Changes in endowment net assets during the fiscal years ended June 30, 2017 and 2016 are as follows:

	Unrestricted - Board Designated	Temporarily Restricted - Patron Fund	Permanently Restricted		
			Patron Fund	Service Endowment	Total
Endowment Net Assets					
Balance at July 1, 2015	\$ 857,307	\$ 53,275	\$ 933,207	\$ 273,077	\$ 1,206,284
Interest and dividend income	20,001	17,614			
Net realized and unrealized losses on investments, net of investment expenses	(10,558)		(26,327)	(14,913)	(41,240)
Total Investment Return	9,443	17,614	(26,327)	(14,913)	(41,240)
Contributions		6,400	6,725	637	7,362
Amounts appropriated for expenditure	(20,001)	(35,420)			
Total Change in Net Assets	(10,558)	(11,406)	(19,602)	(14,276)	(33,878)
Balance at June 30, 2016	846,749	41,869	913,605	258,801	1,172,406
Interest and dividend income	18,196	17,268			
Net realized and unrealized gains on investments, net of investment expenses	60,534	2,551	104,314	7,428	111,742
Total Investment Return	78,730	19,819	104,314	7,428	111,742
Contributions		16,600	8,575	235	8,810
Transfer from Wrege Trust			80,539		80,539
Amounts appropriated for expenditure	(18,196)	(39,311)			
Total Change in Net Assets	60,534	(2,892)	193,428	7,663	201,091
Balance at June 30, 2017	<u>\$ 907,283</u>	<u>\$ 38,977</u>	<u>\$ 1,107,033</u>	<u>\$ 266,464</u>	<u>\$ 1,373,497</u>

Notes to Consolidated Financial Statements--Continued

Kentucky Lions Eye Foundation, Inc. and Affiliate

June 30, 2017 and 2016

Note G--Property and Equipment

Property and equipment consists of the following:

	June 30	
	2017	2016
Eye banking equipment and vehicle	\$ 176,115	\$ 215,656
Van and screening equipment	539,981	414,272
Vehicles	47,899	47,899
Office equipment and software	<u>166,259</u>	<u>126,259</u>
	930,254	804,086
Less accumulated depreciation	<u>553,435</u>	<u>453,387</u>
Property and Equipment, Net	<u><u>\$ 376,819</u></u>	<u><u>\$ 350,699</u></u>

Note H--Permanently and Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	June 30	
	2017	2016
Assistance to visually impaired (Holloran Fund)	\$ 39,867	\$ 32,886
Assistance to needy for above basic eye care (Endowed Patron Fund)	<u>38,977</u>	<u>41,869</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 78,844</u></u>	<u><u>\$ 74,755</u></u>

Continued

Notes to Consolidated Financial Statements--Continued

Kentucky Lions Eye Foundation, Inc. and Affiliate

June 30, 2017 and 2016

Note H--Permanently and Temporarily Restricted Net Assets--Continued

Net assets were released from temporary donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>June 30</u>	
	<u>2017</u>	<u>2016</u>
Assistance to visually impaired (Holloran Fund)	\$ 20,614	\$ 24,287
Assistance for mobile eye screening (Mobile Vision Van)	12,282	19,762
Assistance to needy for above basic eye care (Patron Fund and Wrege Trust)	39,311	39,287
Assistance to children's photo screening (Kidsight)	12,961	13,858
Acquisition of equipment for children's photo screening (Kidsight)		194,462
Assistance for other service programs	951	10,641
	<u>86,119</u>	<u>302,297</u>
Total Net Assets Released from Temporary Restrictions	\$ 86,119	\$ 302,297

Permanently restricted net assets consist of the following:

	<u>June 30</u>	
	<u>2017</u>	<u>2016</u>
Endowment Funds		
Patron Fund	\$ 1,107,033	\$ 913,605
Service Endowment	266,464	258,801
Funds held in trust by others		
Wrege Trust		81,278
	<u>1,373,497</u>	<u>1,253,684</u>
Total Permanently Restricted Net Assets	\$ 1,373,497	\$ 1,253,684

Note I--Subsequent Events

Events that occur after the statement of financial position date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes to consolidated financial statements. Management evaluated the activity of the Foundation through January 29, 2018 and concluded that the no subsequent events required disclosure within the notes to the consolidated financial statements.

Consolidating Information

Consolidating Statement of Financial Position

Kentucky Lions Eye Foundation, Inc. and Affiliate

June 30, 2017

	<u>Kentucky Lions Eye Foundation</u>	<u>Kentucky Lions Eye Bank</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets				
Cash and cash equivalents	\$ 44,310	\$ 24,698		\$ 69,008
Accounts receivable	202,901	324,553	\$ (200,000)	327,454
Service endowment pledges receivable	13,708			13,708
Investments	3,015,472			3,015,472
Property and equipment, net of accumulated depreciation	154,679	222,140		376,819
Other assets	4,302	8,074		12,376
Total Assets	<u>\$ 3,435,372</u>	<u>\$ 579,465</u>	<u>\$ (200,000)</u>	<u>\$ 3,814,837</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 52,162	\$ 235,522		\$ 287,684
Notes payable KLEF		200,000	\$ (200,000)	
Total Liabilities	52,162	435,522	(200,000)	287,684
Net Assets				
Unrestricted				
Undesignated	1,023,586	143,943		1,167,529
Board designated	907,283			907,283
Total Unrestricted Net Assets	1,930,869	143,943		2,074,812
Temporarily restricted	78,844			78,844
Permanently restricted	1,373,497			1,373,497
Total Net Assets	<u>3,383,210</u>	<u>143,943</u>		<u>3,527,153</u>
Total Liabilities and Net Assets	<u>\$ 3,435,372</u>	<u>\$ 579,465</u>	<u>\$ (200,000)</u>	<u>\$ 3,814,837</u>

See Independent Auditor's Report

Consolidating Statement of Activities

Kentucky Lions Eye Foundation, Inc. and Affiliate

Year Ended June 30, 2017

	<u>Kentucky Lions Eye Foundation</u>	<u>Kentucky Lions Eye Bank</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted				
Support and Revenues				
Eyebank processing fees	\$ 867,571	\$ 1,224,650		\$ 2,092,221
Donations	50,640	21,000		71,640
Grants		188,367	\$ (139,667)	48,700
Basketball banquet/game				
Donations	6,597			6,597
Other revenue	61,743			61,743
Investment income, net	176,652			176,652
Other income	32,363		(2,901)	29,462
Net Assets Released from Restrictions	<u>86,119</u>			<u>86,119</u>
Total Support and Revenues	1,281,685	1,434,017	(142,568)	2,573,134
Expenses				
Program services				
Eye Banking	1,007,943	1,096,364	(139,667)	1,964,640
Vision screening & aid to Visually Impaired	160,459			160,459
Supporting services				
Management and general	349,075	193,710	(2,901)	539,884
Fundraising	48,100			48,100
Total Expenses	<u>1,565,577</u>	<u>1,290,074</u>	<u>(142,568)</u>	<u>2,713,083</u>
Change in Unrestricted Net Assets	(283,892)	143,943		(139,949)
Temporarily Restricted				
Support and Revenues				
Donations	61,732			61,732
Investment income, net	25,925			25,925
Income from trust funds held by others	2,551			2,551
Net Assets Released from Restrictions	<u>(86,119)</u>			<u>(86,119)</u>
Change in Temporarily Restricted Net Assets	4,089			4,089
Permanently Restricted				
Support and Revenues				
Donations	8,810			8,810
Investment income, net	111,742			111,742
Loss from trust funds held by others	(739)			(739)
Change in Permanently Restricted Net Assets	<u>119,813</u>			<u>119,813</u>
Change in Net Assets	(159,990)	143,943		(16,047)
Net Assets Beginning of Year	<u>3,543,200</u>			<u>3,543,200</u>
Net Assets End of Year	<u>\$ 3,383,210</u>	<u>\$ 143,943</u>	<u>\$</u>	<u>\$ 3,527,153</u>

See Independent Auditor's Report