

Audited Consolidated Financial Statements  
and Consolidating Information

**Kentucky Lions Eye Foundation, Inc. and Affiliate**

June 30, 2018 and 2017

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## **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 statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated 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 from 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 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, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Report on Consolidating Information**

Our 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.

*Stottman and Company PSC*  
Louisville, Kentucky  
December 6, 2018

Consolidated Statements of Financial Position

**Kentucky Lions Eye Foundation, Inc. and Affiliate**

	<b>June 30</b>	
	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>Assets</b>		
Cash and cash equivalents	\$ 524,707	\$ 69,008
Accounts receivable	371,751	327,454
Service endowment pledges receivable, net of discount	14,870	13,708
Investments	2,986,925	3,015,472
Property and equipment, net of accumulated depreciation	308,522	376,819
Other assets	<u>23,162</u>	<u>12,376</u>
<b>Total Assets</b>	<u><u>\$ 4,229,937</u></u>	<u><u>\$ 3,814,837</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 317,956	\$ 287,684
Deferred revenue	<u>2,500</u>	<u></u>
<b>Total Liabilities</b>	320,456	287,684
<b>Net Assets</b>		
Unrestricted		
Undesignated	1,257,245	1,167,529
Board designated	<u>953,634</u>	<u>907,283</u>
<b>Total Unrestricted Net Assets</b>	2,210,879	2,074,812
Temporarily restricted	222,360	78,844
Permanently restricted	<u>1,476,242</u>	<u>1,373,497</u>
<b>Total Net Assets</b>	<u><u>3,909,481</u></u>	<u><u>3,527,153</u></u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 4,229,937</u></u>	<u><u>\$ 3,814,837</u></u>

See Notes to Consolidated Financial Statements

Consolidated Statements of Activities

Kentucky Lions Eye Foundation, Inc. and Affiliate

	Year Ended June 30, 2018			Year Ended June 30, 2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenues</b>								
Eyebank processing fees	\$ 2,673,340			\$ 2,673,340	\$ 2,092,221			\$ 2,092,221
Donations								
Patron Fund		\$ 143,900	\$ 3,182	147,082		\$ 16,600	\$ 8,810	25,410
Kidsight	138	11,297		11,435		12,960		12,960
General	165,741	26,099		191,840	71,640	32,172		103,812
Grants					48,700			48,700
Basketball banquet/game								
Donations	50			50	6,597			6,597
Other revenue	36,072			36,072	61,743			61,743
Investment income, net	111,578	31,749	99,563	242,890	176,652	25,925	111,742	314,319
Other income (loss)	21,065			21,065	29,462	2,551	(739)	31,274
<b>Net Assets Released from Restrictions</b>	3,007,984	213,045	102,745	3,323,774	2,487,015	90,208	119,813	2,697,036
	69,529	(69,529)			86,119	(86,119)		
<b>Total Support and Revenues</b>	3,077,513	143,516	102,745	3,323,774	2,573,134	4,089	119,813	2,697,036
<b>Expenses</b>								
Program services								
Eye Banking	1,853,255			1,853,255	1,964,640			1,964,640
Vision screening & aid to Visually Impaired	128,788			128,788	160,459			160,459
Supporting services	942,485			942,485	539,884			539,884
Management and general Fundraising	16,918			16,918	48,100			48,100
<b>Total Expenses</b>	2,941,446			2,941,446	2,713,083			2,713,083
<b>Change in Net Assets</b>	136,067	143,516	102,745	382,328	(139,949)	4,089	119,813	(16,047)
<b>Net Assets Beginning of Year</b>	2,074,812	78,844	1,373,497	3,527,153	2,214,761	74,755	1,253,684	3,543,200
<b>Net Assets End of Year</b>	\$ 2,210,879	\$ 222,360	\$ 1,476,242	\$ 3,909,481	\$ 2,074,812	\$ 78,844	\$ 1,373,497	\$ 3,527,153

See Notes to Consolidated Financial Statements

Consolidated Statements of Functional Expenses

Kentucky Lions Eye Foundation, Inc. and Affiliate

	Year Ended June 30, 2018				Year Ended June 30, 2017			
	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			\$ 79,875	\$		\$ 42,167	\$	42,167
Public relations			6,844			747		747
Auto and delivery		\$ 6,482	74,509		\$ 6,113			52,897
Bad debt expense	\$ 68,027		1,650				\$ 15,176	15,176
Basketball banquet/game expenses				\$ 15,275				
Other			15,275	954		173,418	32,162	32,162
Compensation and benefits	680,120		1,276,330		24,829			1,044,653
Contract services	67,648		67,648					15,530
Convention/meeting expense			29,783	404		35,829		35,829
Cornea imports	293,180		293,180					404,976
Depreciation and amortization	49,383	72,703	135,977		67,320	17,117		101,099
Dues			36,219			31,700		31,700
Equipment and maintenance	2,986	80	3,066		614			614
Finis Davis fellowship expense			659			601		601
Assistance to visually impaired - Holloran expenses		17,042	17,042		20,614			20,614
Patron Fund		32,481	32,481		39,311			39,311
Hospital development			27,970					10,488
Insurance			122			23,420		23,420
Interest			122					
KODA and answering service	162,754		162,754					110,377
Lab fees	264,975		264,975					223,796
Lab supplies	191,021		191,021					144,865
Medical director	72,000		72,000					111,423
Miscellaneous	1,161		4,754	127	2,272	4,462		7,743
Office and other supplies			83,719	158		87,360	762	129,558
Officers' expenses			158			3,483		4,245
Organization costs			28,492			55,284		55,284
Telephone and pagers			34,785			20,716		20,716
Travel						33,092		33,092
<b>Total Expenses</b>	<b>\$ 1,853,255</b>	<b>\$ 128,788</b>	<b>\$ 942,485</b>	<b>\$ 16,918</b>	<b>\$ 1,964,640</b>	<b>\$ 539,884</b>	<b>\$ 48,100</b>	<b>\$ 2,713,083</b>

See Notes to Consolidated Financial Statements

Consolidated Statements of Cash Flows

**Kentucky Lions Eye Foundation, Inc. and Affiliate**

	<b>Year Ended June 30</b>	
	<b>2018</b>	<b>2017</b>
<b>Operating Activities</b>		
Change in net assets	\$ 382,328	\$ (16,047)
Adjustments		
Depreciation and amortization	135,977	101,099
Loss on sale of equipment		370
Net realized and unrealized gain on investments	(213,711)	(289,260)
Support and revenues for restricted purposes	(214,203)	(69,532)
Change in discount for service endowment pledges receivable	(1,162)	(110)
Changes in certain operating assets and liabilities		
Accounts receivable	(44,297)	(124,582)
Other assets	(10,786)	23,129
Accounts payable and accrued expenses	30,272	160,328
Deferred revenue	2,500	
	<hr/>	<hr/>
<b>Net Cash Provided By (Used In) Operating Activities</b>	66,918	(214,605)
<b>Investing Activities</b>		
Proceeds from sales of investments	1,040,811	1,380,816
Purchases of investments	(761,304)	(1,083,818)
Investment fees	(37,249)	(35,391)
Proceeds from sale of equipment		9,500
Purchases of property and equipment	(67,680)	(137,089)
	<hr/>	<hr/>
<b>Net Cash Provided By Investing Activities</b>	174,578	134,018
<b>Financing Activities</b>		
Support and revenues for restricted purposes	214,203	69,532
	<hr/>	<hr/>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	455,699	(11,055)
<b>Cash and Cash Equivalents Beginning of Year</b>	69,008	80,063
	<hr/>	<hr/>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 524,707</u>	<u>\$ 69,008</u>

See Notes to Consolidated Financial Statements

**Kentucky Lions Eye Foundation, Inc. and Affiliate**

June 30, 2018 and 2017

**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 consolidated 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 appoints a 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. Payments in the amount of \$87,946 were incurred for the fiscal year ended June 30, 2018, but paid subsequent to that date. None were incurred during 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.

Continued



**Kentucky Lions Eye Foundation, Inc. and Affiliate**

June 30, 2018 and 2017

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

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.

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.

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, 2018 and 2017, 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 in the consolidated statements of activities. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Continued

Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2018 and 2017

**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.

Impairment of Long-Lived Assets--Management of the Foundation reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. There were no charges for impairments of long-lived assets during the fiscal years ended June 30, 2018 or 2017.

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 consolidated financial statements. They had no unrelated business income for the fiscal years ended June 30, 2018 or 2017.

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 services, support services 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.

**Kentucky Lions Eye Foundation, Inc. and Affiliate**

June 30, 2018 and 2017

**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, 2018 and 2017, the Foundation’s investment account balances exceeded the SIPC insured amount by approximately \$2,486,000 and \$2,515,000, respectively.

**Note D—Service Endowment Pledges Receivable**

Service endowment pledges consist of the following:

	<b>June 30</b>	
	<b>2018</b>	<b>2017</b>
Service endowment pledges	\$ 16,550	\$ 16,550
Discount of multi-year pledges to present value	<u>(1,680)</u>	<u>(2,842)</u>
<b>Service Endowment Pledges Receivable, Net of Discount</b>	<b><u>\$ 14,870</u></b>	<b><u>\$ 13,708</u></b>
 <u>Expected Year of Collection</u>		
Less than 1 year		\$ 6,550
1 - 5 years		<u>10,000</u>
		<b><u>\$ 16,550</u></b>

Service endowment pledges are discounted to fair value using a discount rate of 3.4% as of June 30, 2018.

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, 2018 and 2017, thus no allowance for uncollectible pledges has been recorded.

**Kentucky Lions Eye Foundation, Inc. and Affiliate**

June 30, 2018 and 2017

**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, 2018 and 2017.

Investments consist of the following:

	<b>June 30, 2018</b>		
	<b>Quoted Market Prices in Active Markets (Level 1)</b>	<b>Cost</b>	<b>Unrealized Gains (Losses)</b>
<b>Short-Term Investments</b>			
Cash equivalents	\$ 209,428	\$ 209,428	
<b>Long-Term Investments</b>			
Government securities	154,167	154,123	\$ 44
Bonds	425,733	428,921	(3,188)
Mutual funds	117,304	122,035	(4,731)
Common stocks	<u>2,080,293</u>	<u>1,539,740</u>	<u>540,553</u>
<b>Total Long-Term Investments</b>	<u>2,777,497</u>	<u>2,244,819</u>	<u>532,678</u>
<b>Total Investments</b>	<u>\$ 2,986,925</u>	<u>\$ 2,454,247</u>	<u>\$ 532,678</u>

Continued

Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc. and Affiliate**

June 30, 2018 and 2017

**Note E--Investments--Continued**

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

Investment income is summarized as follows:

	<b>June 30</b>	
	<b>2018</b>	<b>2017</b>
Dividend and interest income	\$ 66,428	\$ 60,450
Realized and unrealized gains, net	213,711	289,260
	<b>Total Investment Income</b>	<b>349,710</b>
	<b>Less investment fees</b>	<b>35,391</b>
	<b>Investment Income, net</b>	<b>\$ 314,319</b>

**Kentucky Lions Eye Foundation, Inc. and Affiliate**

June 30, 2018 and 2017

**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.

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Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc. and Affiliate**

June 30, 2018 and 2017

**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	
<b>June 30, 2018</b>					
Donor-restricted endowment funds		\$ 175,438	\$ 1,196,306	\$ 279,936	\$ 1,476,242
Board designated endowment funds	\$ 953,634				
<b>Total Endowment Funds</b>	<b>\$ 953,634</b>	<b>\$ 175,438</b>	<b>\$ 1,196,306</b>	<b>\$ 279,936</b>	<b>\$ 1,476,242</b>
	Unrestricted - Board Designated	Temporarily Restricted - Patron Fund	Permanently Restricted		Total
			Patron Fund	Service Endowment	
<b>June 30, 2017</b>					
Donor-restricted endowment funds		\$ 38,977	\$ 1,107,033	\$ 266,464	\$ 1,373,497
Board designated endowment funds	\$ 907,283				
<b>Total Endowment Funds</b>	<b>\$ 907,283</b>	<b>\$ 38,977</b>	<b>\$ 1,107,033</b>	<b>\$ 266,464</b>	<b>\$ 1,373,497</b>

Continued

Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc. and Affiliate**

June 30, 2018 and 2017

**Note F--Endowments--Continued**

Changes in endowment net assets during the fiscal years ended June 30, 2018 and 2017 are as follows:

	Unrestricted - Board Designated	Temporarily Restricted - Patron Fund	Permanently Restricted		Total
			Patron Fund	Service Endowment	
<b>Endowment Net Assets</b>					
<b>Balance at July 1, 2016</b>	\$ 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
<b>Total Investment Return</b>	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)			
<b>Total Change in Net Assets</b>	60,534	(2,892)	193,428	7,663	201,091
<b>Balance at June 30, 2017</b>	907,283	38,977	1,107,033	266,464	1,373,497
Interest and dividend income	22,305	22,898			
Net realized and unrealized gains on investments, net of investment expenses	46,351		87,253	12,310	99,563
<b>Total Investment Return</b>	68,656	22,898	87,253	12,310	99,563
Contributions		143,900	2,020	1,162	3,182
Amounts appropriated for expenditure	(22,305)	(30,337)			
<b>Total Change in Net Assets</b>	46,351	136,461	89,273	13,472	102,745
<b>Balance at June 30, 2018</b>	<u>\$ 953,634</u>	<u>\$ 175,438</u>	<u>\$ 1,196,306</u>	<u>\$ 279,936</u>	<u>\$ 1,476,242</u>



Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc. and Affiliate**

June 30, 2018 and 2017

**Note G--Property and Equipment**

Property and equipment consists of the following:

	<b>June 30</b>	
	<b>2018</b>	<b>2017</b>
Eye banking equipment and vehicle	\$ 216,326	\$ 176,115
Van and screening equipment	539,980	539,981
Vehicles	68,864	47,899
Office equipment and software	166,259	166,259
Leasehold improvements	6,504	
	<u>997,933</u>	<u>930,254</u>
Less accumulated depreciation	<u>689,411</u>	<u>553,435</u>
<b>Property and Equipment, Net</b>	<u><u>\$ 308,522</u></u>	<u><u>\$ 376,819</u></u>

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

Temporarily restricted net assets are available for the following purposes:

	<b>June 30</b>	
	<b>2018</b>	<b>2017</b>
Assistance to visually impaired (Holloran Fund)	\$ 46,922	\$ 39,867
Assistance to needy for above basic eye care (Endowed Patron Fund)	<u>175,438</u>	<u>38,977</u>
<b>Total Temporarily Restricted Net Assets</b>	<u><u>\$ 222,360</u></u>	<u><u>\$ 78,844</u></u>

Continued

Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc. and Affiliate**

June 30, 2018 and 2017

**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:

	<b>June 30</b>	
	<b>2018</b>	<b>2017</b>
Assistance to visually impaired (Holloran Fund)	\$ 17,591	\$ 20,614
Assistance for mobile eye screening (Mobile Vision Van)	9,092	12,282
Assistance to need for above basic eye care (Patron Fund)	30,337	39,311
Assistance to children's photo screening (Kidsight)	2,626	12,961
Assistance for other service programs	9,883	951
<b>Total Net Assets Released from Temporary Restrictions</b>	<b>\$ 69,529</b>	<b>\$ 86,119</b>

Permanently restricted net assets consist of the following:

	<b>June 30</b>	
	<b>2018</b>	<b>2017</b>
Endowment Funds		
Patron Fund	\$ 1,196,306	\$ 1,107,033
Service Endowment	279,936	266,464
<b>Total Permanently Restricted Net Assets</b>	<b>\$ 1,476,242</b>	<b>\$ 1,373,497</b>

**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 December 6, 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, 2018

	<b>Kentucky Lions Eye Foundation</b>	<b>Kentucky Lions Eye Bank</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 213,009	\$ 311,698		\$ 524,707
Accounts receivable	50,155	324,909	\$ (3,313)	371,751
Note receivable for KLEB	200,000		(200,000)	
Service endowment pledges receivable	14,870			14,870
Investments	2,986,925			2,986,925
Property and equipment, net of accumulated depreciation and amortization	81,976	226,546		308,522
Other assets	6,437	16,725		23,162
<b>Total Assets</b>	<b>\$ 3,553,372</b>	<b>\$ 879,878</b>	<b>\$ (203,313)</b>	<b>\$ 4,229,937</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 27,214	\$ 294,055	\$ (3,313)	\$ 317,956
Notes payable KLEF		200,000	(200,000)	
Deferred revenue	2,500			2,500
<b>Total Liabilities</b>	29,714	494,055	(203,313)	320,456
<b>Net Assets</b>				
Unrestricted				
Undesignated	871,422	385,823		1,257,245
Board designated	953,634			953,634
<b>Total Unrestricted Net Assets</b>	1,825,056	385,823		2,210,879
Temporarily restricted	222,360			222,360
Permanently restricted	1,476,242			1,476,242
<b>Total Net Assets</b>	<b>3,523,658</b>	<b>385,823</b>		<b>3,909,481</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,553,372</b>	<b>\$ 879,878</b>	<b>\$ (203,313)</b>	<b>\$ 4,229,937</b>

See Independent Auditors' Report

Consolidating Statement of Activities

Kentucky Lions Eye Foundation, Inc. and Affiliate

Year Ended June 30, 2018

	Kentucky Lions Eye Foundation	Kentucky Lions Eye Bank	Eliminations	Consolidated
<b>Unrestricted</b>				
<b>Support and Revenues</b>				
Eyebank processing fees	\$ 1,128	\$ 2,672,212		\$ 2,673,340
Donations	127,211	111,818	\$ (73,288)	165,741
General Kidsight	138			138
Basketball banquet/game				
Donations	50			50
Other revenue	36,072			36,072
Investment income, net	111,578			111,578
Other income	29,541		(8,476)	21,065
<b>Total Support and Revenues</b>	<b>305,718</b>	<b>2,784,030</b>	<b>(81,764)</b>	<b>3,007,984</b>
<b>Net Assets Released from Restrictions</b>	<b>69,529</b>			<b>69,529</b>
<b>Total Unrestricted Support and Revenues</b>	<b>375,247</b>	<b>2,784,030</b>	<b>(81,764)</b>	<b>3,077,513</b>
<b>Expenses</b>				
Program services				
Eye Banking	1,510	1,851,745		1,853,255
Vision screening & aid to Visually Impaired	128,788			128,788
Supporting services				
Management and general	333,844	690,405	(81,764)	942,485
Fundraising	16,918			16,918
<b>Total Expenses</b>	<b>481,060</b>	<b>2,542,150</b>	<b>(81,764)</b>	<b>2,941,446</b>
<b>Change in Unrestricted Net Assets</b>	<b>(105,813)</b>	<b>241,880</b>		<b>136,067</b>
<b>Temporarily Restricted</b>				
<b>Support and Revenues</b>				
Donations	181,296			181,296
Investment income, net	31,749			31,749
<b>Net Assets Released from Restrictions</b>	<b>(69,529)</b>			<b>(69,529)</b>
<b>Change in Temporarily Restricted Net Assets</b>	<b>143,516</b>			<b>143,516</b>
<b>Permanently Restricted</b>				
<b>Support and Revenues</b>				
Donations	3,182			3,182
Investment income, net	99,563			99,563
<b>Change in Permanently Restricted Net Assets</b>	<b>102,745</b>			<b>102,745</b>
<b>Change in Net Assets</b>	<b>140,448</b>	<b>241,880</b>		<b>382,328</b>
<b>Net Assets Beginning of Year</b>	<b>3,383,210</b>	<b>143,943</b>		<b>3,527,153</b>
<b>Net Assets End of Year</b>	<b>\$ 3,523,658</b>	<b>\$ 385,823</b>	<b>\$</b>	<b>\$ 3,909,481</b>

See Independent Auditors' Report