

Audited Financial Statements

2022

Kentucky Lions Eye Foundation, Inc.

June 30, 2022 and 2021



Audited Financial Statements

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Independent Auditors' Report

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

Qualified Opinion

We have audited the accompanying financial statements of Kentucky Lions Eye Foundation, Inc. (referred to as the "Foundation"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of not consolidating the entity as explained in the Basis of Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Lions Eye Foundation, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

Accounting principles generally accepted in the United States of America require that all controlled parties be accounted for in consolidated financial statements. As disclosed in Note N to the financial statements, the Foundation has not consolidated a related entity in these financial statements. Quantification of the effects of this departure from accounting principles generally accepted in the United States of America on the financial position, change in net assets, and cash flows of the Foundation is not practicable.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Change in Accounting Principles

As discussed in Note N, the Foundation adopted the requirements of Financial Accounting Standards Board Accounting Standards Updates No. 2020-07 retroactive to 2021. Our opinion is not modified with respect to this matter.

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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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.

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 the organization'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 the organization'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.

Strothman and Company

Louisville, Kentucky
October 27, 2022

Statements of Financial Position

Kentucky Lions Eye Foundation, Inc.

	June 30	
	2022	2021
Assets		
Cash and cash equivalents	\$ 250,310	\$ 928,328
Accounts receivable	7,231	31,559
Service endowment pledges receivable, net of discount	8,820	9,870
Investments	4,496,357	4,590,477
Property and equipment, net of accumulated depreciation	139,616	76,779
Other assets	6,762	4,875
Total Assets	\$ 4,909,096	\$ 5,641,888
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 41,431	\$ 35,525
Paycheck Protection Program loan payable		43,000
Deferred revenue	2,908	450
Total Liabilities	44,339	78,975
Net Assets		
Without donor restrictions		
Undesignated	1,273,240	1,528,590
Board designated	1,129,010	1,269,452
Total Net Assets Without Donor Restrictions	2,402,250	2,798,042
With donor restrictions		
Endowments	2,026,200	2,392,331
Other	436,307	372,540
Total Net Assets With Donor Restrictions	2,462,507	2,764,871
Total Net Assets	4,864,757	5,562,913
Total Liabilities and Net Assets	\$ 4,909,096	\$ 5,641,888

See Notes to Financial Statements

Statements of Activities

Kentucky Lions Eye Foundation, Inc.

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues						
Donations						
Patron Fund		\$ 27,020	\$ 27,020		\$ 23,348	\$ 23,348
General	\$ 92,157	56,935	149,092	\$ 103,658	106,404	210,062
KidSight		21,934	21,934		38,267	38,267
Basketball banquet revenue	\$ 76,278			\$ 28,719		
Less direct benefits to donors	<u>29,629</u>			<u>6,136</u>		
	46,649		46,649	22,583		22,583
Investment (loss) income, net	(272,571)	(326,104)	(598,675)	357,447	662,687	1,020,134
Other income	<u>36,609</u>		<u>36,609</u>	<u>235,799</u>		<u>235,799</u>
	(97,156)	(220,215)	(317,371)	719,487	830,706	1,550,193
Net Assets Released from Restrictions	<u>82,149</u>	<u>(82,149)</u>		<u>78,996</u>	<u>(78,996)</u>	
Total Support and Revenues	(15,007)	(302,364)	(317,371)	798,483	751,710	1,550,193
Expenses						
Program services						
Vision screening & aid to Visually Impaired	258,116		258,116	180,351		180,351
Supporting services						
Management and general	107,590		107,590	113,037		113,037
Fundraising	<u>58,079</u>		<u>58,079</u>	<u>55,428</u>		<u>55,428</u>
Total Expenses	423,785		423,785	348,816		348,816
Non-operating Income						
Paycheck Protection Program loan forgiveness	<u>43,000</u>		<u>43,000</u>	<u>42,500</u>		<u>42,500</u>
Change in Net Assets	(395,792)	(302,364)	(698,156)	492,167	751,710	1,243,877
Net Assets Beginning of Year	<u>2,798,042</u>	<u>2,764,871</u>	<u>5,562,913</u>	<u>2,305,875</u>	<u>2,013,161</u>	<u>4,319,036</u>
Net Assets End of Year	<u>\$ 2,402,250</u>	<u>\$ 2,462,507</u>	<u>\$ 4,864,757</u>	<u>\$ 2,798,042</u>	<u>\$ 2,764,871</u>	<u>\$ 5,562,913</u>

See Notes to Financial Statements

Statements of Functional Expenses

Kentucky Lions Eye Foundation, Inc.

	Year Ended June 30, 2022				Year Ended June 30, 2021			
	Program Services	Support Services		Total	Program Services	Support Services		Total
Vision Screening & Aid to Visually Impaired	Management and General	Fund-raising			Vision Screening & Aid to Visually Impaired	Management and General	Fund-raising	
Accounting and legal	\$ 11,570	\$ 28,945	\$ 2,613	\$ 43,128		\$ 23,007		\$ 23,007
Compensation and benefits	129,001	66,586	44,682	240,269	\$ 117,890	70,464	\$ 48,267	236,621
Convention/meeting expense	2,420	119	3,240	5,779	673	965	3,324	4,962
Depreciation	18,127			18,127	10,239			10,239
Development	1,535	1,791	1,791	5,117		2,574	1,091	3,665
Finis Davis fellowship expense		751		751		766		766
Assistance to visually impaired -								
Holloran expenses	14,860			14,860	8,394			8,394
Patron Fund	30,106			30,106	28,263			28,263
Insurance	3,660			3,660	5,865	2,935		8,800
Miscellaneous	9,801	2,660	2,326	14,787		6,552		6,552
Office and other supplies	3,927	4,102	2,080	10,109	2,154	4,407	1,702	8,263
Public relations	3,163	1,400		4,563				
Telephone and pagers	3,335	636	507	4,478	6,217	1,011	546	7,774
Travel	960	600	840	2,400				
Vision Screening Program	25,651			25,651	656	356	498	1,510
Total Expenses	\$ 258,116	\$ 107,590	\$ 58,079	\$ 423,785	\$ 180,351	\$ 113,037	\$ 55,428	\$ 348,816

See Notes to Financial Statements

Statements of Cash Flows

Kentucky Lions Eye Foundation, Inc.

	Year Ended June 30	
	2022	2021
Operating Activities		
Change in net assets	\$ (698,156)	\$ 1,243,877
Adjustments		
Depreciation	18,127	10,239
Gain on sale of equipment		(2,500)
Forgiveness of Paycheck Protection Program loan	(43,000)	(42,500)
Net investment (income) loss	598,675	(1,020,134)
Changes in certain operating assets and liabilities		
Accounts receivable	24,328	40,054
Service endowment pledges receivable	1,050	
Other assets	(1,887)	1,882
Accounts payable and accrued expenses	5,906	4,459
Deferred revenue	(2,458)	(300)
Net Cash Provided By (Used In) Operating Activities	(97,415)	235,077
Investing Activities		
Proceeds from sales of investments	1,125,133	1,495,655
Purchases of investments	(1,624,772)	(1,490,009)
Proceeds from sale of equipment		2,500
Purchases of property and equipment	(80,964)	(29,350)
Net Cash Used In Investing Activities	(580,603)	(21,204)
Financing Activities		
Receipt on note receivable - related party		60,000
Proceeds from Paycheck Protection Program loan		43,000
Net Cash Provided By Financing Activities		103,000
Net Increase (Decrease) in Cash and Cash Equivalents	(678,018)	316,873
Cash and Cash Equivalents Beginning of Year	928,328	611,455
Cash and Cash Equivalents End of Year	\$ 250,310	\$ 928,328

See Notes to Financial Statements

Notes to Financial Statements

Kentucky Lions Eye Foundation, Inc.

June 30, 2022 and 2021

Note A--Description of Organization

The Kentucky Lions Eye Foundation, Inc. (the "Foundation") is a nonprofit organization whose mission is to provide vision services through education, detection, prevention, treatment and empowerment by conducting eye screenings, assisting individuals that are not financially capable of obtaining proper eye care, and supporting eye research. The Foundation's support comes primarily 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 financial statements.

Note B--Summary of Significant Accounting Policies

Financial Statement Presentation--The accompanying 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 two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) based upon the existence or absence of donor-imposed restrictions. Board-designated amounts are legally unrestricted and are reported as part of net assets without restrictions.

Net Assets Without Donor Restrictions

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 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 a two-thirds majority of the Board of Directors, at which time they may be utilized for other purposes.

Net Assets With Donor Restrictions

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

Patron 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.

Continued

Notes to Financial Statements--Continued

Kentucky Lions Eye Foundation, Inc.

June 30, 2022 and 2021

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

Contributions--Contributions received are recorded as without donor restrictions or with donor restrictions, 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-kind Contributions--In-kind contributions are recorded at fair value and recognized as support and expenses in the accounting period when they are received. During the fiscal years ended June 30, 2022 and 2021, respectively, the Foundation recorded in-kind rental income and expense for \$11,071 annually.

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, 2022 and 2021, 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 statements of activities. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

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, 2022 or 2021.

Fair Value of Financial Instruments--The carrying amounts for current assets and liabilities approximate their fair value due to their short maturity.

Continued

Notes to Financial Statements--Continued

Kentucky Lions Eye Foundation, Inc.

June 30, 2022 and 2021

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

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 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 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 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 financial statements, and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications--Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

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, 2022 and 2021, the Foundation's investment account balances exceeded the SIPC insured amount by approximately \$3,996,400 and \$4,090,500, respectively.

Kentucky Lions Eye Foundation, Inc.

June 30, 2022 and 2021

Note D--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, 2022 and 2021.

Level 1 Fair Value Measurements

The fair value of mutual funds is reported at the net asset value of the shares held by the Foundation at year end. The fair value of bonds and government securities and common stocks are based on quoted market prices in active markets.

Investments consist of the following:

	June 30, 2022		
	Quoted Market Prices in Active Markets (Level 1)	Cost	Unrealized Gains/(Losses)
Short-Term Investments			
Cash equivalents	\$ 367,950	\$ 367,950	
Long-Term Investments			
Government securities	208,932	214,223	\$ (5,291)
Bonds	651,331	703,021	(51,690)
Mutual funds	222,258	249,589	(27,331)
Common stocks	<u>3,045,886</u>	<u>2,150,664</u>	<u>895,222</u>
Total Long-Term Investments	<u>4,128,407</u>	<u>3,317,497</u>	<u>810,910</u>
Total Investments	<u>\$ 4,496,357</u>	<u>\$ 3,685,447</u>	<u>\$ 810,910</u>

Continued

Notes to Consolidated Financial Statements--Continued

Kentucky Lions Eye Foundation, Inc.

June 30, 2022 and 2021

Note D--Investments--Continued

	June 30, 2021		
	Quoted Market Prices in Active Markets (Level 1)	Cost	Unrealized Gains
Short-Term Investments			
Cash equivalents	\$ 273,253	\$ 273,253	
Long-Term Investments			
Government securities	132,770	131,960	\$ 810
Bonds	641,023	625,237	15,786
Mutual funds	295,753	285,326	10,427
Common stocks	<u>3,247,678</u>	<u>1,757,859</u>	<u>1,489,819</u>
Total Long-Term Investments	<u>4,317,224</u>	<u>2,800,382</u>	<u>1,516,842</u>
Total Investments	<u>\$ 4,590,477</u>	<u>\$ 3,073,635</u>	<u>\$ 1,516,842</u>

Investment income (loss) is summarized as follows:

	June 30	
	2022	2021
Dividend and interest income	\$ 78,999	\$ 72,434
Realized and unrealized gains (losses), net	<u>(637,156)</u>	<u>989,459</u>
Total Investment Income (Loss)	(558,157)	1,061,893
Less investment fees	<u>40,518</u>	<u>41,759</u>
Investment Income (Loss), Net	<u>\$ (598,675)</u>	<u>\$ 1,020,134</u>

Kentucky Lions Eye Foundation, Inc.

June 30, 2022 and 2021

Note E--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 Net Assets with Donor Restrictions 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 net assets with donor-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 undesignated net assets without donor restrictions for their use. Up to 4% of the 3-year average of prior June 30 market values can be withdrawn annually from KLEF investments to fund part of the operational budget. The spending policy will be reviewed at least annually by the Board of Trustees for appropriateness.

Continued

Notes to Financial Statements--Continued

Kentucky Lions Eye Foundation, Inc.

June 30, 2022 and 2021

Note E--Endowments--Continued

Changes in endowment net assets during the fiscal years ended June 30, 2022 and 2021 are as follows:

	With Donor Restrictions		
	Patron Fund	Service Endowment	Total
Endowment Net Assets			
Balance at July 1, 2020	\$ 1,520,232	\$ 335,074	\$ 1,855,306
Investment income, net of investment expenses	455,962	81,063	537,025
Contributions			
Total Change in Net Assets	455,962	81,063	537,025
Balance at June 30, 2021	1,976,194	416,137	2,392,331
Investment (loss), net of investment expenses	(301,006)	(65,125)	(366,131)
Contributions			
Total Change in Net Assets	(301,006)	(65,125)	(366,131)
Balance at June 30, 2022	\$ 1,675,188	\$ 351,012	\$ 2,026,200

Notes to Financial Statements--Continued

Kentucky Lions Eye Foundation, Inc.

June 30, 2022 and 2021

Note F--Property and Equipment

Property and equipment consists of the following:

	June 30	
	2022	2021
Screening and transportation equipment	\$ 562,651	\$ 548,480
Office equipment and software	101,992	35,199
	664,643	583,679
Less accumulated depreciation	525,027	506,900
Property and Equipment, Net	\$ 139,616	\$ 76,779

Note G--Retirement Plans

KLEF sponsors a "simple" 401(k) plan, into which employees may make elective contributions to the plan out of their gross pay, with such contributions being matched by KLEF up to 3% of the eligible employee's gross pay. Employer contributions of \$4,947 and \$4,753 were incurred during 2022 and 2021 respectively.

Note H--Paycheck Protection Program Loan Payable

In February 2021, KLEF obtained a second United States Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loan of \$43,000. PPP loans, when used for certain expenses (payroll, retirement contributions, health insurance costs, rent and utilities), can be forgiven. Any portion of these loans not used for qualifying costs will be payable over two years at an interest rate of 1%. The PPP loans are administered by the SBA through an eligible lender.

In June 2020, the American Institute of Certified Public Accountants and the Financial Accounting Standards Board provided technical guidance which stated that the proceeds from SBA PPP loans could be accounted for as either debt or a government grant. Management elected to account for this unique lending vehicle as debt. Under this method, the proceeds of these loans will remain recorded as a liability until either the loans are, in part or wholly, forgiven and KLEF has been legally released or the loans are paid off.

The 2nd PPP Loan of \$43,000 from the SBA was forgiven in full on September 10, 2021. The 1st PPP Loan of \$42,500 was forgiven on December 28, 2020.

Notes to Financial Statements--Continued

Kentucky Lions Eye Foundation, Inc.

June 30, 2022 and 2021

Note I--Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	June 30	
	2022	2021
Subject to Expenditure For Specified Purpose:		
Assistance to needy for above basic eye care (Endowed Patron Fund)	\$ 436,307	\$ 372,540
Subject to Foundation's Endowment Spending Policy and Appropriation		
Service Endowment	351,012	416,137
Patron Fund	1,675,188	1,976,194
	<u>2,026,200</u>	<u>2,392,331</u>
Total Net Assets with Donor Restrictions	<u>\$ 2,462,507</u>	<u>\$ 2,764,871</u>

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

	June 30	
	2022	2021
Assistance to visually impaired (Holloran Fund)	\$ 14,860	\$ 8,400
Assistance for mobile eye screening (Mobile Vision Van)	24,343	2,966
Assistance to needy for above basic eye care (Patron Fund)	32,273	28,275
Assistance to children's photo screening (KidSight)	773	595
Assistance with fixed asset purchases	9,900	38,760
	<u>82,149</u>	<u>78,996</u>
Total Net Assets Released from Restrictions	<u>\$ 82,149</u>	<u>\$ 78,996</u>

Notes to Financial Statements--Continued

Kentucky Lions Eye Foundation, Inc.

June 30, 2022 and 2021

Note J--Liquidity

The Foundation's major sources of revenue and support are contributions, and even though these sources can fluctuate significantly from year to year, the Foundation has a strong cash position to cover its monthly financial obligations.

The following table reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

	June 30	
	2022	2021
Cash and cash equivalents	\$ 250,310	\$ 928,328
Accounts receivable, to be collected in less than one year	7,231	31,559
Pledges receivable, due in less than one year	500	1,550
Investments	<u>4,496,357</u>	<u>4,590,477</u>
Total Financial Assets, Excluding Noncurrent Receivables	4,754,398	5,551,914
Contractual or donor-imposed restrictions:		
Net assets restricted by donors for specified purposes	(436,307)	(372,540)
Net assets restricted in perpetuity	(2,026,200)	(2,392,331)
Board designations:		
Operating reserves and other	<u>(1,129,010)</u>	<u>(1,269,452)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,162,881</u>	<u>\$ 1,517,591</u>

Note K--Income Taxes

KLEF is 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 financial statements. They had no unrelated business income for the fiscal years ended June 30, 2022 or 2021.

Note L--Contingencies

In March 2020, the World Health Organization declared the spread of Coronavirus Disease ("COVID-19") a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its fiscal years 2021 and 2022 operations and financial results. In addition, both domestic and international equity markets have experienced significant fluctuations/declines. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown, cannot be reasonably estimated, and is still developing.

Notes to Financial Statements--Continued

Kentucky Lions Eye Foundation, Inc.

June 30, 2022 and 2021

Note M--Related Parties

Effective January 1, 2017, the Foundation's 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, The Eye Bank of Kentucky (formerly known as the Kentucky Lions Eye Bank) (the "KLEB"), which also acquired the eye bank assets and operations of the University of Kentucky Eye Bank. The Foundation appoints a majority of the governing board of KLEB.

The KLEB is contractually obligated contributions of 40% of its net operating cash flows to the Foundation. Total amount paid to the Foundation under this contractual agreement amounted to \$5,106 and \$208,750 in 2022 and 2021, respectively.

Accounting principles generally accepted in the United States of America require consolidation of the KLEB. The Foundation has not consolidated the KLEB in these financial statements.

Note N--Adoption of New Accounting Standard

On September 17, 2020, the FASB issued ASU No. 2020-07 *Not-for-Profit Entities* (Topic 958). This new standard, which the Foundation adopted during the year ended June 30, 2022, is intended to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The new standard was implemented retroactively. The new standard implementation had no significant impact on the Foundation's financial statement. Nonfinancial assets include fixed assets, use of fixed assets or utilities, material and supplies, intangible assets, services and unconditional promises to those assets.

Note O--Subsequent Events

Events that occur after the statement of financial position date but before the 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 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 financial statements. Management evaluated the activity of the Foundation through October 27, 2022, and concluded that no subsequent events required disclosure within the notes to the financial statements.

Note P--Future Accounting Pronouncements

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This new standard, which the Foundation is not required to adopt until its year ending June 30, 2023, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statements of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an Foundation's statement of financial position.

The Foundation is presently evaluating the effects that this ASU will have on its future financial statements, including related disclosures.