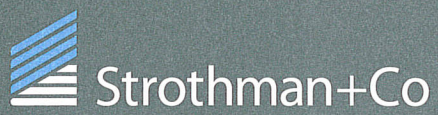


Audited Consolidated Financial Statements  
and Consolidating Information

2021

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021 and 2020





Audited Consolidated Financial Statements  
and Consolidating Information

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021 and 2020

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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, 2021 and 2020, 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. We did not audit the financial statements of the Kentucky Lions Eye Bank ("KLEB"), an affiliate. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for KLEB, is based solely on the report of the other auditors.

### **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, 2021 and 2020, 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 19 through 20 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.

*Strothman and Company*

Louisville, Kentucky  
March 31, 2022

Consolidated Statements of Financial Position

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

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,959,494	\$ 1,154,946
Restricted cash and cash equivalents	99,679	273,894
Accounts receivable	356,699	403,672
Investments	4,590,477	3,570,343
Property and equipment, net of accumulated depreciation	302,465	320,518
Other assets	42,087	32,964
<b>Total Assets</b>	<b>\$ 7,350,901</b>	<b>\$ 5,756,337</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 198,930	\$ 285,239
Paycheck Protection Program loan payable	234,300	272,500
<b>Total Liabilities</b>	<b>433,230</b>	<b>557,739</b>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	2,783,669	1,928,622
Board designated	1,269,452	982,921
<b>Total Net Assets Without Donor Restrictions</b>	<b>4,053,121</b>	<b>2,911,543</b>
With donor restrictions		
Endowments	2,392,331	1,855,306
Other	472,219	431,749
<b>Total Net Assets With Donor Restrictions</b>	<b>2,864,550</b>	<b>2,287,055</b>
<b>Total Net Assets</b>	<b>6,917,671</b>	<b>5,198,598</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,350,901</b>	<b>\$ 5,756,337</b>

See Notes to Consolidated Financial Statements

Consolidated Statements of Activities

Kentucky Lions Eye Foundation, Inc. and Affiliate

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenues</b>						
Eyebank processing fees	\$ 2,969,636		\$ 2,969,636	\$ 2,510,649		\$ 2,510,649
Donations						
Patron Fund		\$ 168,019	168,019		\$ 36,602	36,602
General	135,771	150,797	286,568	367,295	264,895	632,190
Kidsight						
Basketball banquet revenue	\$ 28,719			\$ 46,126		
Less direct benefits to donors	<u>6,136</u>			<u>10,515</u>		
	22,583		22,583	35,611		35,611
Investment income, net	357,726	662,687	1,020,413	103,819	138,190	242,009
Other income	<u>27,049</u>	<u></u>	<u>27,049</u>	<u>5,037</u>	<u></u>	<u>5,037</u>
	3,512,765	981,503	4,494,268	3,022,411	439,687	3,462,098
<b>Net Assets Released from Restrictions</b>	<u>404,008</u>	<u>(404,008)</u>	<u></u>	<u>110,554</u>	<u>(110,554)</u>	<u></u>
<b>Total Support and Revenues</b>	3,916,773	577,495	4,494,268	3,132,965	329,133	3,462,098
<b>Expenses</b>						
Program services						
Eye Banking	2,021,834		2,021,834	1,902,193		1,902,193
Vision screening & aid to Visually Impaired	180,351		180,351	239,672		239,672
Supporting services						
Management and general	790,082		790,082	741,358		741,358
Fundraising	<u>55,428</u>	<u></u>	<u>55,428</u>	<u>58,036</u>	<u></u>	<u>58,036</u>
<b>Total Expenses</b>	3,047,695		3,047,695	2,941,259		2,941,259
<b>Non-operating Income</b>						
Paycheck Protection Program loan forgiveness	<u>272,500</u>	<u></u>	<u>272,500</u>	<u></u>	<u></u>	<u></u>
<b>Change in Net Assets</b>	1,141,578	577,495	1,719,073	191,706	329,133	520,839
<b>Net Assets Beginning of Year</b>	<u>2,911,543</u>	<u>2,287,055</u>	<u>5,198,598</u>	<u>2,719,837</u>	<u>1,957,922</u>	<u>4,677,759</u>
<b>Net Assets End of Year</b>	<u>\$ 4,053,121</u>	<u>\$ 2,864,550</u>	<u>\$ 6,917,671</u>	<u>\$ 2,911,543</u>	<u>\$ 2,287,055</u>	<u>\$ 5,198,598</u>

See Notes to Consolidated Financial Statements

Consolidated Statements of Functional Expenses

Kentucky Lions Eye Foundation, Inc. and Affiliate

	Year Ended June 30, 2021					Year Ended June 30, 2020				
	Program Services		Support Services		Total	Program Services		Support Services		Total
	Eye Banking	Vision Screening & Aid to Visually Impaired	Management and General	Fund-raising		Eye Banking	Vision Screening & Aid to Visually Impaired	Management and General	Fund-raising	
Accounting and legal			\$ 93,123		\$ 93,123			\$ 61,143		\$ 61,143
Public relations			27,103		27,103			19,477		19,477
Transportation expenses	\$ 80,019	\$ 87			80,106	\$ 55,199	\$ 7,515			62,714
Bad debt expense										
Basketball banquet/game expenses										
Payroll										
Other										
Compensation and benefits	680,510	117,890	480,410	\$ 48,267	1,327,077	648,803	118,244	461,792	\$ 47,298	1,276,137
Contract services	124,204				124,204	89,160				89,160
Convention/meeting expense		673	965	3,324	4,962		1,315	1,627	4,570	7,512
Cornea imports	236,291				236,291	289,185				289,185
Depreciation	80,210	10,239	19,547		109,996	65,495	44,922	16,166		126,583
Dues	44,742				44,742	44,817				44,817
Development			2,574	1,091	3,665		951	2,608	2,398	5,957
Equipment and maintenance	8,487				8,487	7,742				7,742
Finis Davis fellowship expense			766		766			1,015		1,015
Assistance to visually impaired -										
Holloran expenses		8,394			8,394		7,237			7,237
Patron Fund		28,263			28,263		33,011			33,011
Insurance		5,865	37,562		43,427		4,900	30,068		34,968
Interest			534		534			4,637		4,637
KODA service	193,200				193,200	176,000				176,000
Lab fees	233,199				233,199	247,635				247,635
Lab supplies	248,027				248,027	201,817				201,817
Medical director	44,000				44,000	60,000				60,000
Miscellaneous			6,552		6,552		10,583	27,766		38,349
Office and other supplies		2,154	107,362	1,702	111,218		4,250	96,519	2,333	103,102
Telephone and pagers	13,109	6,217	2,468	546	22,340	16,340	4,962	2,688	546	24,536
Travel		569	2,271	498	3,338		1,782	15,852	891	18,525
Loss on disposal of property and equipment	35,836		8,845		44,681					
<b>Total Expenses</b>	<b>\$ 2,021,834</b>	<b>\$ 180,351</b>	<b>\$ 790,082</b>	<b>\$ 55,428</b>	<b>\$ 3,047,695</b>	<b>\$ 1,902,193</b>	<b>\$ 239,672</b>	<b>\$ 741,358</b>	<b>\$ 58,036</b>	<b>\$ 2,941,259</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>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Change in net assets	\$ 1,719,073	\$ 520,839
Adjustments		
Depreciation	109,996	126,583
Loss on sale of equipment	42,181	
Net investment return	(1,031,218)	(208,791)
Forgiveness of Paycheck Protection Program loan	(272,500)	
Support and revenues for restricted purposes		(7,600)
Changes in certain operating assets and liabilities		
Accounts receivable	46,973	77,641
Service endowment pledges receivable		5,000
Other assets	(9,123)	14,652
Accounts payable and accrued expenses	(86,309)	(7,366)
<b>Net Cash Provided By Operating Activities</b>	<b>519,073</b>	<b>520,958</b>
<b>Investing Activities</b>		
Proceeds from sales of investments	1,495,655	1,293,593
Purchases of investments	(1,478,925)	(1,301,270)
Proceeds from sale of equipment	2,500	
Purchases of property and equipment	(142,270)	(67,992)
<b>Net Cash Used In Investing Activities</b>	<b>(123,040)</b>	<b>(75,669)</b>
<b>Financing Activities</b>		
Support and revenues for restricted purposes		7,600
Proceeds from Paycheck Protection Program loan	234,300	272,500
<b>Net Cash Provided By Financing Activities</b>	<b>234,300</b>	<b>280,100</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>630,333</b>	<b>725,389</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>1,428,840</b>	<b>703,451</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 2,059,173</b>	<b>\$ 1,428,840</b>
Cash and cash equivalents	\$ 1,959,494	\$ 1,154,946
Restricted cash and cash equivalents	99,679	273,894
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 2,059,173</b>	<b>\$ 1,428,840</b>

See Notes to Consolidated Financial Statements



## Notes to Consolidated Financial Statements

### Kentucky Lions Eye Foundation, Inc.

June 30, 2021 and 2020

#### Note A--Description of 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 provide vision services through education, detection, prevention, treatment and empowerment and to restore sight through corneal transplant, ocular research and medical education by conducting eye screenings, assisting individuals that are not financially capable of obtaining proper eye care, supporting eye research, and operating the Kentucky Lions Eye Bank. The Foundation's support comes primarily from processing fees at the eye bank and 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.

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.

Also effective January 1, 2017, the KLEB began making contractually obligated contributions of 40% of its net operating cash flows to the KLEF, and 10% of its net operating cash flows each to the University of Louisville and the University of Kentucky, on a quarterly basis. As of January 1, 2020, KLEB ceased making these payments to the University of Louisville and the University of Kentucky. Total amounts paid under these contractual arrangements amounted to \$208,750 and \$155,844 during the years ended June 30, 2021 and 2020, respectively.

#### 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 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.

Continued

Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021 and 2020

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

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.

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 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 consolidated 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, 2021 and 2020, respectively, the Foundation record in-kind rental income and expense for \$11,071 annually.

Eye Bank Processing Fees--The Foundation through KLEB receives fees from surgical centers and hospitals for harvesting and providing cornea tissue for transplants. These fees are earned as the tissue is delivered to the medical facilities.

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, 2021 and 2020, thus no allowance for uncollectible accounts receivable was considered necessary by management.

Continued

Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021 and 2020

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

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.

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, 2021 or 2020.

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

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, 2021 or 2020.

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.

Advertising--Advertising costs are expensed as incurred. Total advertising expenses for the years ended June 30, 2021 and 2020 were \$27,103 and \$19,477, respectively.

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.

Continued

Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021 and 2020

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

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.

**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, 2021 and 2020, the Foundation's investment account balances exceeded the SIPC insured amount by approximately \$4,090,500 and \$3,073,000, respectively.

Revenue--The Foundation through KLEB earned processing fees of approximately 40% from three customers during 2021 and 2020, respectively. These customers accounted for approximately 39% and 27% of the Foundation's accounts receivable at June 30, 2021 and 2020, respectively.

**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, 2021 and 2020.

*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.

Continued

Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021 and 2020

**Note D--Investments--Continued**

Investments consist of the following:

<b>June 30, 2021</b>			
	<b>Quoted Market Prices in Active Markets (Level 1)</b>	<b>Cost</b>	<b>Unrealized Gains</b>
<b>Short-Term Investments</b>			
Cash equivalents	\$ 273,253	\$ 273,253	
<b>Long-Term Investments</b>			
Government securities	132,770	131,960	\$ 810
Bonds	641,023	625,237	15,786
Mutual funds	295,753	285,326	10,427
Common stocks	3,247,678	1,757,859	1,489,819
<b>Total Long-Term Investments</b>	<u>4,317,224</u>	<u>2,800,382</u>	<u>1,516,842</u>
<b>Total Investments</b>	<u>\$ 4,590,477</u>	<u>\$ 3,073,635</u>	<u>\$ 1,516,842</u>
<b>June 30, 2020</b>			
	<b>Quoted Market Prices in Active Markets (Level 1)</b>	<b>Cost</b>	<b>Unrealized Gains</b>
<b>Short-Term Investments</b>			
Cash equivalents	\$ 241,267	\$ 241,267	
<b>Long-Term Investments</b>			
Government securities	185,480	180,690	\$ 4,790
Bonds	586,200	563,616	22,584
Mutual funds	243,351	219,471	23,880
Common stocks	2,314,045	1,555,269	758,776
<b>Total Long-Term Investments</b>	<u>3,329,076</u>	<u>2,519,046</u>	<u>810,030</u>
<b>Total Investments</b>	<u>\$ 3,570,343</u>	<u>\$ 2,760,313</u>	<u>\$ 810,030</u>

Continued



Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021 and 2020

**Note D--Investments--Continued**

Investment income is summarized as follows:

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Dividend and interest income	\$ 72,713	\$ 103,960
Realized and unrealized gains, net	989,459	173,295
<b>Total Investment Income</b>	1,062,172	277,255
Less investment fees	41,759	35,246
<b>Investment Income, net</b>	<u>\$ 1,020,413</u>	<u>\$ 242,009</u>

**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:

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

Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021 and 2020

**Note E--Endowments--Continued**

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.

Changes in endowment net assets during the fiscal years ended June 30, 2021 and 2020 are as follows:

	<b>With Donor Restrictions</b>		
	<b>Patron Fund</b>	<b>Service Endowment</b>	<b>Total</b>
<b>Endowment Net Assets</b>			
<b>Balance at July 1, 2019</b>	\$ 1,438,021	\$ 297,647	\$ 1,735,668
Investment income, net of investment expenses	74,611	37,427	112,038
Contributions	7,600		7,600
<b>Total Change in Net Assets</b>	<b>82,211</b>	<b>37,427</b>	<b>119,638</b>
<b>Balance at June 30, 2020</b>	1,520,232	335,074	1,855,306
Investment income, net of investment expenses	455,962	81,063	537,025
Contributions			
<b>Total Change in Net Assets</b>	<b>455,962</b>	<b>81,063</b>	<b>537,025</b>
<b>Balance at June 30, 2021</b>	<b>\$ 1,976,194</b>	<b>\$ 416,137</b>	<b>\$ 2,392,331</b>

Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021 and 2020

**Note F--Property and Equipment**

Property and equipment consists of the following:

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Lab equipment	\$ 378,111	\$ 378,265
Screening equipment	43,566	43,566
Screening and transportation equipment	548,480	559,980
Office equipment and software	84,422	170,888
Leasehold improvements	6,504	6,504
	1,061,083	1,159,203
Less accumulated depreciation	758,618	838,685
<b>Property and Equipment, Net</b>	<b>\$ 302,465</b>	<b>\$ 320,518</b>

**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 \$4,753 and \$2,961 were incurred during 2021 and 2020, respectively.

KLEB has a 401(k) plan covering all full-time employees. The KLEB contributes 3% of all eligible employees' gross pay and matches all 401(k) contributions up to 5% of the eligible employee's gross pay. Employer contributions of \$37,308 and \$40,823 were incurred during 2021 and 2020, respectively.

**Note H--Lease Commitments**

KLEB leases office space under operating leases for their Louisville and Lexington locations. The Louisville office lease was entered into on June 24, 2021 and is for a period of three years. The Lexington office lease was an extension of a prior lease, and it expires on December 31, 2024. Rent expense for 2021 and 2020 was \$44,681 and \$33,365, respectively. Future minimum lease payments are as follows:

<b><u>Year Ending June 30</u></b>	
2022	\$ 65,652
2023	65,652
2024	64,772
2025	10,200
	<u>\$ 206,276</u>

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021 and 2020

**Note I--Paycheck Protection Program Loan Payable**

In April 2020, KLEB obtained a United States Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loan of \$230,000. Also in April 2020, KLEF obtained a SBA PPP loan of \$42,500. These 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 liabilities until either the loans are, in part or wholly, forgiven and KLEB/KLEF have been legally released or the loans are paid off.

Effective on December 28, 2020, KLEF was informed that its PPP loan for \$42,500 had been officially forgiven. In May 2021, KLEB was notified that its PPP Loan for \$230,000 had been officially forgiven.

In February 2021, KLEF obtained a second loan from the SBA of \$43,000 and in January 2021, KLEB obtained a second loan from the SBA of \$191,300. As of June 30, 2021, KLEB and KLEF had not received notification that these loans had been forgiven so the loan proceeds have been recorded as liabilities on the accompanying consolidated statements of financial position.

**Note J--Line of Credit**

KLEB previously had a \$50,000 unsecured line of credit. This line of credit expired in February 2021 none of which had been used as of June 30, 2020.

In March 2021, KLEB obtained a \$200,000 line of credit with Republic Bank & Trust. The line of credit bears interest at the prime rate (3.25% as of June 30, 2021). The note is secured by substantially all the assets of KLEB and matures in March 2022. The outstanding balance was zero as of June 30, 2021.

Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021 and 2020

**Note K--Net Assets With Donor Restrictions**

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

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Subject to Expenditure For Specified Purpose:</b>		
Assistance to needy for above basic eye care (Endowed Patron Fund)	\$ 372,540	\$ 157,855
Assistance for cornea replacement (Eye Bank)	50,636	62,731
Assistance with other service programs (Eye Bank)	435	100,520
Assistance with equipment purchases (Eye Bank)	48,608	110,643
	<u>472,219</u>	<u>431,749</u>
<b>Subject to Organizations Endowment Spending Policy and Appropriation</b>		
Patron Fund	1,976,194	1,520,232
Service Endowment	416,137	335,074
	<u>2,392,331</u>	<u>1,855,306</u>
<b>Total Net Assets with Donor Restrictions</b>	<u><u>\$ 2,864,550</u></u>	<u><u>\$ 2,287,055</u></u>

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

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Assistance to visually impaired (Holloran Fund)	\$ 8,400	\$ 7,241
Assistance for mobile eye screening (Mobile Vision Van)	2,966	14,237
Assistance to needy for above basic eye care (Patron Fund)	28,275	33,030
Assistance to children's photo screening (KidSight)	595	1,760
Assistance for other service programs	250,882	
Assistance for cornea replacements (Tincher fund)	12,095	
Assistance with fixed asset purchases	100,795	54,286
<b>Total Net Assets Released from Restrictions</b>	<u><u>\$ 404,008</u></u>	<u><u>\$ 110,554</u></u>



Notes to Consolidated Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021 and 2020

**Note L--Liquidity**

The Foundation's major sources of revenue and support are processing fees and 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.

KLEB has a line of credit for \$200,000, none of which has been accessed, available for additional liquidity at June 30, 2021.

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.

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 2,059,173	\$ 1,428,840
Accounts receivable, to be collected in less than one year	356,699	403,672
Pledges receivable, due in less than one year	1,550	16,550
Investments	4,590,477	3,570,343
<b>Total Financial Assets, Excluding Noncurrent Receivables</b>	<b>7,007,899</b>	<b>5,419,405</b>
Contractual or donor-imposed restrictions:		
Net assets restricted by donors for specified purposes	(472,219)	(222,254)
Net assets restricted in perpetuity	(2,392,331)	(1,697,434)
Board designations:		
Operating reserves and other	(1,269,452)	(982,921)
<b>Financial Assets Available to Meet Cash Needs for Expenditures Within One Year</b>	<b>\$ 2,873,897</b>	<b>\$ 2,516,796</b>

**Note M--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 2020 and 2021 operations and financial results. In addition, both domestic and international equity markets have experienced significant fluctuations/declines since June 30, 2020. 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 are still developing.

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021 and 2020

**Note N--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 March 31, 2022, and concluded that the no subsequent events required disclosure within the notes to the consolidated financial statements.

**Note O--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 entity's statement of financial position.

On September 17, 2020, the FASB issued ASU No. 2020-07 *Not-for-Profit Entities* (Topic 958). This new standard, which the Foundation is not required to adopt until its year ending June 30, 2022, is intended to increase transparency for contributed nonfinancial assets through enhancements to presentation and disclosure. Nonfinancial assets include property and equipment, use of property and equipment or utilities, materials and supplies, services and unconditional promises of those assets.

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

## **Consolidating Information**

Consolidating Statement of Financial Position

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2021

	<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	\$ 928,463	\$ 1,031,031		\$ 1,959,494
Restricted cash and cash equivalents		99,679		99,679
Accounts receivable	31,559	325,140		356,699
Investments	4,590,477			4,590,477
Property and equipment, net of depreciation and amortization	76,779	225,686		302,465
Other assets	14,745	27,342		42,087
<b>Total Assets</b>	<b>\$ 5,642,023</b>	<b>\$ 1,708,878</b>	<b>\$ -</b>	<b>\$ 7,350,901</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 36,110	\$ 162,820		\$ 198,930
Paycheck Protection Program loan payable	43,000	191,300		234,300
<b>Total Liabilities</b>	<b>79,110</b>	<b>354,120</b>		<b>433,230</b>
<b>Net Assets</b>				
Without restrictions				
Undesignated	1,528,590	1,255,079		2,783,669
Board designated	1,269,452			1,269,452
<b>Total Net Assets Without Restrictions</b>	<b>2,798,042</b>	<b>1,255,079</b>		<b>4,053,121</b>
With restrictions				
Endowments	2,392,331			2,392,331
Other	372,540	99,679		472,219
<b>Total Net Assets With Restrictions</b>	<b>2,764,871</b>	<b>99,679</b>		<b>2,864,550</b>
<b>Total Net Assets</b>	<b>5,562,913</b>	<b>1,354,758</b>		<b>6,917,671</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,642,023</b>	<b>\$ 1,708,878</b>	<b>\$ -</b>	<b>\$ 7,350,901</b>

See Independent Auditors' Report

Consolidating Statement of Activities

**Kentucky Lions Eye Foundation, Inc.**

Year Ended June 30, 2021

	<b>Kentucky Lions Eye Foundation</b>	<b>Kentucky Lions Eye Bank</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Net Assets Without Restrictions</b>				
<b>Support and Revenues</b>				
Eyebank processing fees		\$ 2,969,636		\$ 2,969,636
Donations	\$ 103,658	32,113		135,771
Basketball banquet revenue, net				
direct benefits to donors	22,583			22,583
Investment income, net	357,447	279		357,726
Other income	235,799		\$ (208,750)	27,049
<b>Total Support and Revenues</b>	719,487	3,002,028	(208,750)	3,512,765
<b>Net Assets Released from Restrictions</b>	78,996	325,012		404,008
<b>Total Unrestricted Support and Revenues</b>	798,483	3,327,040	(208,750)	3,916,773
<b>Expenses</b>				
Program services				
Eye Banking		2,230,584	(208,750)	2,021,834
Vision screening & aid to				
Visually Impaired	180,351			180,351
Supporting services				
Management and general	113,037	677,045		790,082
Fundraising	55,428			55,428
<b>Total Expenses</b>	348,816	2,907,629	(208,750)	3,047,695
<b>Change in Net Assets Without Restrictions</b>	449,667	419,411		869,078
<b>Net Assets With Restrictions</b>				
<b>Support and Revenues</b>				
Donations	168,019	150,797		318,816
Investment income, net	662,687			662,687
<b>Total Support and Revenues</b>	830,706	150,797		981,503
<b>Net Assets Released from Restrictions</b>	(78,996)	(325,012)		(404,008)
<b>Change in Net Assets With Restrictions</b>	751,710	(174,215)		577,495
<b>Non-operating Income</b>				
Paycheck Protection Program loan forgiveness	42,500	230,000		272,500
<b>Change in Net Assets</b>	1,243,877	475,196		1,719,073
<b>Net Assets Beginning of Year</b>	4,319,036	879,562		5,198,598
<b>Net Assets End of Year</b>	<u>\$ 5,562,913</u>	<u>\$ 1,354,758</u>	<u>\$</u>	<u>\$ 6,917,671</u>

See Independent Auditors' Report