

Audited Financial Statements

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2016 and 2015

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## **Independent Auditors' Report**



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

We have audited the accompanying financial statements of Kentucky Lions Eye Foundation, Inc. (the "Foundation"), which are comprised of the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Kentucky Lions Eye Foundation, Inc. as of June 30, 2016 and 2015, 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.

*Stottman and Company PSC*  
Louisville, Kentucky  
January 19, 2017

Statements of Financial Position

**Kentucky Lions Eye Foundation, Inc.**

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 80,063	\$ 281,296
Accounts receivable	202,872	283,350
Unconditional promises to give		
Service endowment pledges, net of discount	13,598	16,060
Vision screening equipment for Kidsight		167,312
Investments	2,906,541	2,881,433
Funds held in trust by others	81,278	91,632
Property and equipment, net of accumulated depreciation	350,699	221,544
Other assets	35,505	18,367
<b>Total Assets</b>	<b>\$ 3,670,556</b>	<b>\$ 3,960,994</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 127,356	\$ 185,464
<b>Net Assets</b>		
Unrestricted		
Undesignated	1,368,012	1,372,212
Board designated	846,749	857,307
<b>Total Unrestricted Net Assets</b>	2,214,761	2,229,519
Temporarily restricted	74,755	248,095
Permanently restricted	1,253,684	1,297,916
<b>Total Net Assets</b>	<b>3,543,200</b>	<b>3,775,530</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,670,556</b>	<b>\$ 3,960,994</b>

See Notes to Financial Statements

Statements of Activities

Kentucky Lions Eye Foundation, Inc.

	Year Ended June 30, 2016			Year Ended June 30, 2015		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted
<b>Support and Revenues</b>						
Eyebank processing fees	\$ 1,808,245			\$ 1,889,875		
Donations						\$ 1,889,875
Patron program		\$ 6,400	\$ 6,725		\$ 4,850	\$ 8,710
Kidsight		13,858			23,598	
Kidsight screening equipment		27,150			167,312	
Mobile eye screening		19,762			12,005	
Service endowment			637			382
General	56,633			49,863		
Basketball banquet/game						49,863
Donations	11,748			16,341		
Other revenue	50,630			51,396		
Investment income (loss), net	10,107	28,255	(41,240)	32,303	29,449	(12,257)
Income (loss) from trust funds held by others						
Wrege trust income (loss)		3,867	(10,354)		3,723	(5,001)
Hollbran trust income		29,665			26,283	
Other income	17,669			1,500		
<b>Net Assets Released from Restrictions</b>	1,955,032	128,957	(44,232)	2,041,278	267,220	(8,166)
	302,297	(302,297)		109,141	(109,141)	
<b>Total Support and Revenues</b>	2,257,329	(173,340)	(44,232)	2,150,419	158,079	(8,166)
<b>Expenses</b>						
Program services						
Eye Banking	1,691,963			1,469,265		
Vision screening & aid to Visually Impaired	312,054			227,119		
Supporting services						
Management and general	203,720			175,024		
Fundraising	64,350			59,487		
<b>Total Expenses</b>	2,272,087			1,930,895		
<b>Change in Net Assets</b>	(14,758)	(173,340)	(44,232)	219,524	158,079	(8,166)
<b>Net Assets Beginning of Year</b>	2,229,519	248,095	1,297,916	2,009,995	90,016	1,306,082
<b>Net Assets End of Year</b>	\$ 2,214,761	\$ 74,755	\$ 1,253,684	\$ 2,229,519	\$ 248,095	\$ 1,297,916
						\$ 3,775,530

See Notes to Financial Statements

Statements of Functional Expenses

Kentucky Lions Eye Foundation, Inc.

	Year Ended June 30, 2016				Year Ended June 30, 2015					
	Program Services		Support Services		Program Services		Support Services			
	Eye-Banking	Screening & Aid to Visually Impaired	Management and General	Fund-raising	Total	Eye-Banking	Screening & Aid to Visually Impaired	Management and General	Fund-raising	Total
Accounting and legal	\$ 7,519	\$ 23,322	\$ 8,286	\$ 30,841	\$ 9,666	\$ 16,539	\$ 7,308	\$ 26,205		
Public relations		6,463		6,463		5,443		5,443		
Auto and delivery	19,620			19,620	27,173			27,173		
Bad debt expense					5,800			5,800		
Basketball banquet/game expenses										
Payroll										
Other			\$ 8,286	8,286			\$ 7,308	7,308		
Compensation and benefits			40,028	40,028				42,240		
Contract services	598,748	\$ 55,987	135,643	790,378	647,644	\$ 34,141	116,944	798,729		
Convention/meeting expense	22,321			22,321	18,689			18,689		
Cornea imports			4,052	4,052			3,609	3,609		
Cutting fees	546,932			546,932	238,266			238,266		
Depreciation	84,709			84,709	86,829			86,829		
Dues	30,258	60,325	1,372	91,955	19,122		1,376	43,707		
Finis Davis fellowship expense	19,636		527	20,163	14,149		375	14,524		
Assistance to visually impaired - Holloran expenses			780	780			326	326		
Patron program		24,287		24,287				27,626		
Hospital development	15,917	39,287		39,287				37,900		
Insurance	13,514			15,917	18,167			18,167		
KODA and answering service	77,962	1,851		16,882	5,438		1,929	9,096		
Lab fees	63,977			77,962	77,962			77,962		
Lab supplies	93,817			63,977	90,876			90,876		
Medical director	42,250	49,174		93,817	129,536			129,536		
Miscellaneous	1,135			91,424	39,000			44,703		
Office and other supplies	17,452	15,832		15,946	1,296			3,603		
Officers' expenses				47,601	9,977			2,592		
Postage, printing and newsletter	646	943		11,570	2,019			4,587		
UofL Eye Clinic		55,491		5,677				10,638		
Telephone and pagers	11,172	2,130		55,491	10,267		3,383	5,352		
Travel	24,378	2,593		15,812	17,389		4,527	7,669		
	\$ 1,691,963	\$ 312,054	\$ 64,350	\$ 2,272,087	\$ 1,469,265	\$ 227,119	\$ 175,024	\$ 59,487	\$ 1,930,895	

See Notes to Financial Statements

Statements of Cash Flows

**Kentucky Lions Eye Foundation, Inc.**

	<b>Year Ended June 30</b>	
	<b>2016</b>	<b>2015</b>
<b>Operating Activities</b>		
Change in net assets	\$ (232,330)	\$ 369,437
Adjustments		
Discount on service endowment pledges and bequests receivable	(38)	(282)
Depreciation	91,955	43,707
In-kind contribution of equipment	(7,050)	
Net realized and unrealized (gain) loss on investments	33,186	(17,011)
Unrealized loss on funds held in trust by others	10,354	5,001
Contributions restricted for long-term purposes	(7,362)	(9,092)
Changes in certain operating assets and liabilities		
Accounts receivable	80,478	(102,400)
Unconditional promises to give	2,500	(161,902)
Other assets	(641)	(5,252)
Accounts payable and accrued expenses	(58,108)	29,401
	<u>(87,056)</u>	<u>151,607</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>		
	(87,056)	151,607
<b>Investing Activities</b>		
Proceeds from sales of investments	1,100,738	1,180,787
Purchases of investments	(1,125,009)	(1,265,950)
Investment fees	(34,023)	(33,309)
Purchases of equipment	(35,045)	(90,216)
Purchases of software	(28,200)	
Deposit on equipment purchase		(11,703)
	<u>(121,539)</u>	<u>(220,391)</u>
<b>Net Cash Used In Investing Activities</b>		
	(121,539)	(220,391)
<b>Financing Activities</b>		
Contributions restricted for long-term purposes	7,362	9,092
	<u>7,362</u>	<u>9,092</u>
<b>Net Decrease in Cash and Cash Equivalents</b>		
	(201,233)	(59,692)
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>281,296</u>	<u>340,988</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 80,063</u>	<u>\$ 281,296</u>
<b>Noncash Transactions</b>		
Donated equipment	<u>\$ 7,050</u>	
Donated equipment in settlement of promise to give	<u>\$ 167,312</u>	

See Notes to Financial Statements

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2016 and 2015

**Note A--Description of Organization and Summary of Significant Accounting Policies**

Nature of the Organization--The Kentucky Lions Eye Foundation, Inc. (the "Foundation") is a nonprofit organization whose mission is to prevent and cure blindness by supporting eye research, conducting eye screenings, supporting eye clinics and operating the University of Louisville Lions Eye Bank. 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 financial statements; however, the Foundation serves in an advisory capacity in the use of the income from these funds.

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 three classes of net assets (unrestricted net assets, temporarily restricted net assets and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. Board-designated amounts are legally unrestricted and are reported as part of unrestricted net assets.

Unrestricted Net Assets

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

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

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.

Continued



Notes to Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2016 and 2015

**Note A--Description of Organization and Summary of Significant Accounting Policies--Continued**

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

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

Contributions--Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the 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 Company 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, 2016 and 2015, thus no allowance for uncollectible accounts receivable has been recorded.

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

Income Tax Status--The Foundation 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. The Foundation had no unrelated business income for the fiscal years ended June 30, 2016 and 2015. The Foundation's income tax returns for the fiscal years ended June 30, 2013 through 2015 are subject to examination by the Internal Revenue Service.

Continued

Notes to Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2016 and 2015

**Note A--Description of Organization and 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, management and general, or fundraising based on specific identification. Indirect expenses have been allocated among the programs and supporting services benefited.

Use of Estimates--The preparation of 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.

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

**Note B--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 an SIPC-member brokerage firm up to \$500,000, which includes a \$250,000 limit for cash. At June 30, 2016 and 2015, the Foundations investment account balances exceeded the SIPC insured amount by approximately \$2,406,000 and \$2,380,000, respectively.

Revenues--The Foundation earned approximately 64% of its service fees from three customers and 51% from two customers for the years ended June 30, 2016 and 2015, respectively. These customers accounted for approximately 48% and 56% of the Foundation's accounts receivable at June 30, 2016 and 2015, respectively.

Notes to Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2016 and 2015

**Note C--Service Endowment Pledges**

Service endowment pledges consist of the following:

	<u>June 30</u>	
	<u>2016</u>	<u>2015</u>
Service endowment pledges	\$ 16,675	\$ 19,175
Discount of multi-year pledges to present value	<u>(3,077)</u>	<u>(3,115)</u>
<b>Service Endowment Pledges, Net of Discount</b>	<b><u>\$ 13,598</u></b>	<b><u>\$ 16,060</u></b>
 <u>Expected Year of Collection</u>		
Less than 1 year		\$ 6,275
1 - 5 years		<u>10,400</u>
		<b><u>\$ 16,675</u></b>

Service endowment pledges are discounted to fair value using a discount rate of 3.4% as of June 30, 2016 and 2015.

Management periodically assesses the collectability of endowment pledges, and any amounts deemed uncollectable are charged to bad debt expense. All pledges were considered to be fully collectible at June 30, 2016 and 2015, thus no allowance for uncollectible pledges has been recorded.

**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, 2016 and 2015.

Continued

Notes to Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2016 and 2015

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

Investments consist of the following:

<b>Assets at Fair Value as of June 30, 2016</b>			
	<b>Level I Inputs</b>	<b>Cost</b>	<b>Unrealized Gains</b>
<b>Short-Term investments</b>			
Cash equivalents	\$ 236,609	\$ 236,609	
<b>Long-Term investments</b>			
Government securities	165,924	164,045	\$ 1,879
Bonds	408,895	387,095	21,800
Mutual funds	236,817	197,107	39,710
Common stocks	1,858,296	1,544,173	314,123
<b>Total Long-Term Investments</b>	<b>2,669,932</b>	<b>2,292,420</b>	<b>377,512</b>
<b>Total Investments</b>	<b>\$ 2,906,541</b>	<b>\$ 2,529,029</b>	<b>\$ 377,512</b>

<b>Assets at Fair Value as of June 30, 2015</b>			
	<b>Level I Inputs</b>	<b>Cost</b>	<b>Unrealized Gains</b>
<b>Short-Term investments</b>			
Cash equivalents	\$ 191,168	\$ 191,168	
<b>Long-Term investments</b>			
Government securities	199,438	198,907	\$ 531
Bonds	372,190	356,176	16,014
Mutual funds	221,943	193,950	27,993
Common stocks	1,896,694	1,556,376	340,318
<b>Total Long-Term Investments</b>	<b>2,690,265</b>	<b>2,305,409</b>	<b>384,856</b>
<b>Total Investments</b>	<b>\$ 2,881,433</b>	<b>\$ 2,496,577</b>	<b>\$ 384,856</b>

Continued

Notes to Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2016 and 2015

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

Investment income is summarized as follows:

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
Dividend and interest income	\$ 64,331	\$ 65,793
Realized and unrealized (loss) gains, net	(33,186)	17,011
<b>Total Investment Income</b>	31,145	82,804
Less investment fees	34,023	33,309
<b>Net Investment (Loss) Income</b>	<b>\$ (2,878)</b>	<b>\$ 49,495</b>

**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 Permanently Restricted Funds described in Note A. 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.

Continued

Notes to Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2016 and 2015

**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 permanently restricted assets shall remain in Corpus. Those of Board Designate assets shall remain in Corpus unless approved by the Board of Trustees.

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, 2016</b>					
Donor-restricted endowment funds		\$ 41,869	\$ 913,605	\$ 258,801	\$ 1,172,406
Board designated endowment funds	\$ 846,749				
<b>Total Endowment Funds</b>	<u>\$ 846,749</u>	<u>\$ 41,869</u>	<u>\$ 913,605</u>	<u>\$ 258,801</u>	<u>\$ 1,172,406</u>

	Unrestricted - Board Designated	Temporarily Restricted - Patron Fund	Permanently Restricted		Total
			Patron Fund	Service Endowment	
<b>June 30, 2015</b>					
Donor-restricted endowment funds		\$ 53,275	\$ 933,207	\$ 273,077	\$ 1,206,284
Board designated endowment funds	\$ 857,307				
<b>Total Endowment Funds</b>	<u>\$ 857,307</u>	<u>\$ 53,275</u>	<u>\$ 933,207</u>	<u>\$ 273,077</u>	<u>\$ 1,206,284</u>

Continued

Notes to Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2016 and 2015

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

Changes in endowment net assets during the fiscal years ended June 30, 2016 and 2015 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, 2014</b>	\$ 872,156	\$ 65,397	\$ 911,151	\$ 298,298	\$ 1,209,449
Interest and dividend income	20,375	17,205			
Net realized and unrealized gains (losses) on investments, net of investment expenses	(14,849)		13,346	(25,603)	(12,257)
<b>Total Investment Return</b>	5,526	17,205	13,346	(25,603)	(12,257)
Contributions, net of bad debt Amounts appropriated for expenditure	(20,375)	4,850	8,710	382	9,092
<b>Total Change in Net Assets</b>	(14,849)	(12,122)	22,056	(25,221)	(3,165)
<b>Balance at June 30, 2015</b>	857,307	53,275	933,207	273,077	1,206,284
Interest and dividend income	20,001	17,614			
Net realized and unrealized gains (losses) on investments, net of investment expenses	(10,558)		(26,327)	(14,913)	(41,240)
<b>Total Investment Return</b>	9,443	17,614	(26,327)	(14,913)	(41,240)
Contributions, net of bad debt Amounts appropriated for expenditure	(20,001)	6,400	6,725	637	7,362
<b>Total Change in Net Assets</b>	(10,558)	(11,406)	(19,602)	(14,276)	(33,878)
<b>Balance at June 30, 2016</b>	<u>\$ 846,749</u>	<u>\$ 41,869</u>	<u>\$ 913,605</u>	<u>\$ 258,801</u>	<u>\$ 1,172,406</u>

Notes to Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2016 and 2015

**Note F--Property and Equipment**

Property and equipment consists of the following:

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
Eye banking equipment and vehicle	\$ 215,656	\$ 207,017
Van and screening equipment	469,608	257,137
Office equipment and vehicle	118,822	118,822
	<u>804,086</u>	<u>582,976</u>
Less accumulated depreciation	453,387	361,432
<b>Property and Equipment, Net</b>	<u><u>\$ 350,699</u></u>	<u><u>\$ 221,544</u></u>

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

Temporarily restricted net assets are available for the following purposes:

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
Assistance to visually impaired (Holloran Fund)	\$ 32,886	\$ 27,507
Screening equipment for Kidsight		167,312
Assistance to needy for above basic eye care (Patron Fund)	41,869	53,276
<b>Total Temporarily Restricted Net Assets</b>	<u><u>\$ 74,755</u></u>	<u><u>\$ 248,095</u></u>

Continued



Notes to Financial Statements--Continued

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2016 and 2015

**Note G--Permanently and Temporarily Restricted Net Assets--Continued**

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

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
Assistance to visually impaired (Holloran Fund)	\$ 24,287	\$ 23,394
Assistance for mobile eye screening (Mobile Vision Van)	19,762	12,005
Assistance to need for above basic eye care (Patron Fund and Wrege Trust)	39,287	37,900
Assistance to children's photo screening (Kidsight)	13,858	9,594
Acquisition of equipment for children's photo screening (Kidsight)	194,462	14,005
Assistance for other service programs	10,641	12,243
<b>Total Net Assets Released from Restrictions</b>	<b>\$ 302,297</b>	<b>\$ 109,141</b>

Permanently restricted net assets consist of the following:

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
Endowment Funds		
Patron Fund	\$ 913,605	\$ 933,207
Service Endowment	258,801	273,077
Funds held in trust by others		
Wrege Trust	81,278	91,632
<b>Total Permanently Restricted Net Assets</b>	<b>\$ 1,253,684</b>	<b>\$ 1,297,916</b>

**Kentucky Lions Eye Foundation, Inc.**

June 30, 2016 and 2015

**Note H--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 January 19, 2017 and concluded that the following subsequent event required disclosure within the notes to the financial statements.

Subsequent to June 30, 2016, the Foundation's Board of Trustees approved a re-organization plan whereby its University of Louisville eye banking operations will be transferred to a newly organized not-for profit entity, which will also acquire the eye banking assets and operations of the University of Kentucky. The transfer will occur on January 1, 2017. The Foundation will appoint a majority of the governing board of the new not-for-profit entity and has also agreed to loan funds to the new entity to provide operating capital, up to \$250,000. This loan will bear an interest rate at the prime rate and will be secured by all assets of the new entity. The Foundation will retain all accounts receivable and pay all liabilities related to the operations of the University of Louisville eye bank operations prior to January 1, 2017.

The new not-for-profit entity will distribute to the Foundation 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.