

**FRIENDS FOR SIGHT
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT
MARCH 31, 2023 AND 2022**

TABLE OF CONTENTS
MARCH 31, 2023 AND 2022

Independent Auditor’s Report..... 1-2

Statements of Financial Position..... 3

Statement of Activities for the Year Ended March 31, 2023..... 4

Statement of Activities for the Year Ended March 31, 2022..... 5

Statement of Functional Expenses for the Year Ended March 31, 2023 6

Statement of Functional Expenses for the Year Ended March 31, 2022 7

Statements of Cash Flows..... 8

Notes to the Financial Statements..... 9-19



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
of Friends For Sight

Opinion

We have audited the accompanying financial statements of Friends For Sight (a nonprofit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, 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, the financial statements referred to above present fairly, in all material respects, the financial position of Friends For Sight as of March 31, 2023 and 2022, 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 Opinion

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

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

Auditor's 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 auditor's 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 Friends For Sight'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 Friends For Sight'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.

Child Richards CPAs & Advisors

Ogden, UT
July 13, 2023

FRIENDS FOR SIGHT
(A Non-profit Corporation)
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2023 AND 2022

| <u>ASSETS</u> | 2023 | 2022 |
|--|---------------------|---------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 351,413 | \$ 565,046 |
| Restricted cash | - | - |
| Prepaid expenses | 1,143 | - |
| Contributions receivable | 14,084 | 18,599 |
| Vendor deposit | - | 2,925 |
| Investments | 1,067,630 | 1,143,544 |
| Total current assets | 1,434,270 | 1,730,114 |
| Property and equipment: | | |
| Building | 404,155 | 404,155 |
| Furniture and equipment | 533,674 | 276,048 |
| Software/infrastructure | 6,600 | - |
| Accumulated depreciation | (346,153) | (290,020) |
| Accumulated amortization | (2,150) | - |
| Property and equipment, net | 596,126 | 390,183 |
| Noncurrent assets: | | |
| Right-of-use asset | 5,352 | - |
| Total noncurrent assets | 5,352 | - |
| Total assets | \$ 2,035,748 | \$ 2,120,297 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 321 | \$ 16 |
| Accrued liabilities | 518 | - |
| Lease liability | 1,036 | - |
| Wages payable | 2,653 | - |
| Total current liabilities | 4,528 | 16 |
| Noncurrent liabilities: | | |
| Lease liability | 3,235 | - |
| Total noncurrent liabilities | 3,235 | - |
| Net assets: | | |
| With donor restrictions: | - | - |
| Without donor restrictions: | | |
| Designated for fixed assets | 596,126 | 390,183 |
| Designated for emergency needs | 290 | 2,500 |
| Unrestricted, undesignated | 1,431,569 | 1,727,598 |
| Total net assets | 2,027,985 | 2,120,281 |
| Total liabilities and net assets | \$ 2,035,748 | \$ 2,120,297 |

See accompanying notes to financial statements

FRIENDS FOR SIGHT
(A Non-profit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2023

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| <u>REVENUES, GAINS, AND SUPPORT</u> | | | |
| Individuals, foundations, and corporations | \$ 308,910 | \$ 165,000 | \$ 473,910 |
| Driver's license check-off | 158,946 | - | 158,946 |
| In-kind | 34,950 | - | 34,950 |
| Investment returns, net | (90,952) | - | (90,952) |
| Miscellaneous income | 581 | - | 581 |
| Total revenues, gains and support | 412,435 | 165,000 | 577,435 |
| <u>NET ASSETS RELEASED FROM RESTRICTIONS</u> | | | |
| Net assets released from restrictions | 165,000 | (165,000) | - |
| <u>EXPENSES</u> | | | |
| Program services | 622,851 | - | 622,851 |
| Fundraising | 23,440 | - | 23,440 |
| General and administrative | 23,440 | - | 23,440 |
| Total expenses | 669,731 | - | 669,731 |
| Change in net assets | (92,296) | - | (92,296) |
| Net assets at beginning of year | 2,120,281 | - | 2,120,281 |
| Net assets at end of year | <u>\$ 2,027,985</u> | <u>\$ -</u> | <u>\$ 2,027,985</u> |

See accompanying notes to financial statements

FRIENDS FOR SIGHT
(A Non-profit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| <u>REVENUES, GAINS, AND SUPPORT</u> | | | |
| Individuals, foundations, and corporations | \$ 311,501 | \$ 52,212 | \$ 363,713 |
| Board of directors | 392 | - | 392 |
| Driver's license check-off | 146,494 | - | 146,494 |
| In-kind | 35,050 | - | 35,050 |
| Interest | 10 | - | 10 |
| Investment returns, net | 15,409 | - | 15,409 |
| Miscellaneous income | 273 | - | 273 |
| Total revenues, gains and support | 509,129 | 52,212 | 561,341 |
| <u>NET ASSETS RELEASED FROM RESTRICTIONS</u> | | | |
| Net assets released from restrictions | 84,712 | (84,712) | - |
| <u>EXPENSES</u> | | | |
| Program services | 436,118 | - | 436,118 |
| Fundraising | 16,414 | - | 16,414 |
| General and administrative | 16,414 | - | 16,414 |
| Total expenses | 468,946 | - | 468,946 |
| Change in net assets | 124,895 | (32,500) | 92,395 |
| Net assets at beginning of year | 1,995,386 | 32,500 | 2,027,886 |
| Net assets at end of year | <u>\$ 2,120,281</u> | <u>\$ -</u> | <u>\$ 2,120,281</u> |

See accompanying notes to financial statements

FRIENDS FOR SIGHT
(A Non-profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023

| | <u>Program Services</u> | <u>Fundraising</u> | <u>General and Administrative</u> | <u>Total</u> |
|--------------------------------------|-----------------------------|--------------------|---------------------------------------|-------------------|
| Salaries | \$ 416,063 | \$ 15,658 | \$ 15,658 | \$ 447,379 |
| Payroll taxes and benefits | 47,130 | 1,774 | 1,774 | 50,678 |
| Professional fees | 5,753 | 216 | 216 | 6,185 |
| Printing and office | 13,948 | 525 | 525 | 14,998 |
| Occupancy and equipment | 13,954 | 525 | 525 | 15,004 |
| Depreciation | 52,203 | 1,965 | 1,965 | 56,133 |
| Driver's license check-off screening | 172 | 6 | 6 | 184 |
| Screening and supplies | 27,490 | 1,035 | 1,035 | 29,560 |
| Outreach events | 8,845 | 333 | 333 | 9,511 |
| Insurance | 1,964 | 74 | 74 | 2,112 |
| Miscellaneous | 598 | 22 | 22 | 642 |
| Postage | 153 | 6 | 6 | 165 |
| Amortization expense | 1,917 | 72 | 72 | 2,061 |
| Interest expense | 157 | 6 | 6 | 169 |
| In-kind | 32,504 | 1,223 | 1,223 | 34,950 |
| | <u>\$ 622,851</u> | <u>\$ 23,440</u> | <u>\$ 23,440</u> | <u>\$ 669,731</u> |

See accompanying notes to financial statements

FRIENDS FOR SIGHT
(A Non-profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

| | <u>Program Services</u> | <u>Fundraising</u> | <u>General and Administrative</u> | <u>Total</u> |
|--------------------------------------|-----------------------------|--------------------|---------------------------------------|-------------------|
| Salaries | \$ 273,359 | \$ 10,288 | \$ 10,288 | \$ 293,934 |
| Payroll taxes and benefits | 35,513 | 1,336 | 1,336 | 38,185 |
| Professional fees | 5,574 | 210 | 210 | 5,995 |
| Printing and office | 12,552 | 472 | 472 | 13,496 |
| Occupancy and equipment | 12,774 | 481 | 481 | 13,736 |
| Depreciation | 37,878 | 1,425 | 1,425 | 40,728 |
| Driver's license check-off screening | 366 | 14 | 14 | 394 |
| Screening and supplies | 13,414 | 505 | 505 | 14,424 |
| Outreach events | 7,436 | 280 | 280 | 7,997 |
| Insurance | 2,994 | 113 | 113 | 3,220 |
| Miscellaneous | 1,503 | 57 | 57 | 1,616 |
| Postage | 159 | 6 | 6 | 171 |
| In-kind | 32,596 | 1,227 | 1,227 | 35,050 |
| | <u>\$ 436,118</u> | <u>\$ 16,414</u> | <u>\$ 16,414</u> | <u>\$ 468,946</u> |

See accompanying notes to financial statements

FRIENDS FOR SIGHT
(A Non-profit Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (92,296) | \$ 92,395 |
| Adjustments to reconcile change in net assets to net cash | | |
| Provided by operating activities: | | |
| Depreciation expense | 56,133 | 40,728 |
| Amortization expense | 2,061 | - |
| Net depreciation (appreciation) on investments | 75,914 | (16,547) |
| (Increase) decrease in operating assets: | | |
| Contributions receivable | 4,515 | (3,439) |
| Prepaid expenses | (1,143) | - |
| Vendor deposit | 2,925 | (2,925) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 305 | 16 |
| Accrued liabilities | 518 | - |
| Wages payable | 2,653 | - |
| | <u>51,585</u> | <u>110,228</u> |
| Net cash (used) by operating activities | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of building and equipment | <u>(264,226)</u> | <u>(6,705)</u> |
| Net cash used by investing activities | <u>(264,226)</u> | <u>(6,705)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Total increase (decrease) in lease liability | <u>(992)</u> | <u>-</u> |
| Net cash used by financing activities | <u>(992)</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | (213,633) | 103,523 |
| Cash, cash equivalents, and restricted cash - beginning of year | <u>565,046</u> | <u>461,523</u> |
| Cash, cash equivalents, and restricted cash - end of year | <u>\$ 351,413</u> | <u>\$ 565,046</u> |
| | | |
| Cash and cash equivalents | \$ 351,413 | \$ 565,046 |
| Restricted cash | <u>-</u> | <u>-</u> |
| | <u>\$ 351,413</u> | <u>\$ 565,046</u> |
| | | |
| Additional disclosures: | | |
| Interest paid | \$ 169 | \$ - |
| Income taxes paid | \$ - | \$ - |

See accompanying notes to financial statements

**FRIENDS FOR SIGHT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Friends For Sight Organization (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

Organization and Nature of Activities

The Organization is a Utah non-profit organization dedicated to providing vision screening to children and adults for the purpose of early detection of preventable eye diseases and educating and training health care professionals and volunteers about the care and prevention of blindness and vision protection.

The Organization's principal sources of support are public contributions, legacies and bequests, and investment income.

Financial Statement Presentation

These financial statements are prepared in accordance with applicable Statements of Financial Accounting Standards and the recommendations of the American Institute of Certified Public Accountants in its industry audit guide, Audits of Voluntary Health and Welfare Organizations.

Net assets not restricted by donors are reported as net assets without donor restrictions in the statement of financial position.

Net assets restricted by donors for specified purposes or investment in perpetuity are reported as net assets with donor restrictions in the statement of financial position. When donor specified purposes are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as other revenues or other changes in net assets without donor restrictions, depending on the nature of the restriction.

Property and Equipment

All major property and equipment purchases are capitalized and recorded at cost or estimated fair market value for donated assets. Expenditures for maintenance and repairs are expensed as incurred. Property and equipment are depreciated on a straight-line basis over their estimated useful lives of five years. Buildings are depreciated over 30 years. Depreciation expense for the years ended March 31, 2023 and 2022 were \$56,133 and \$40,728, respectively. Amortization for the years ended March 31, 2023 and 2022 were \$2,061 and \$89, respectively.

**FRIENDS FOR SIGHT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is a not-for-profit, voluntary health and welfare agency exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2021, 2022 and 2023 are subject to examination by the IRS, generally for three years after they were filed.

Uses of Estimates

The preparation of financial statements in conformity 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Friends For Sight's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Liquidity and Availability of Financial Resources

The Organization regularly monitors liquidity to meet its cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, external limitations imposed by donors or contracts with others.

Contributions and Other Support

The Organization accounts for contributions and other support in accordance with the provisions of FASS Accounting Standards Update Statement 2016-14, *Presentation of Financial Statements of Not - for-Profit Entities* . Except for the Driver's License "Check the Box" program (see below), contributions including unconditional promises to give, are recognized in the period received at their fair values.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value.

Contributions and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions received with donor-imposed restrictions are reported as increases in net assets with donor restrictions if the restrictions on the contributions had not yet been met as of the financial statement date.

**FRIENDS FOR SIGHT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Other Support (Continued)

The balance in "Contributions Receivable" represents the amount collected during February and March 2023 by the Utah Driver's License Division for the Organization's "Check the Box" program, but was not received by the Organization until April, 2023. It has been considered as revenue in these financial statements.

Revenue Recognition/Source of Funding

Contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statement of activities.

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2016-02, Leases (Topic 842), which amends existing accounting standards for lease accounting, including requiring lessees to recognize most leases on the statement of financial position along with a right-to-use (ROU) asset, and making certain changes to lessor accounting.

The Organization adopted these ASUs in the 2023 fiscal year and has recognized any appropriate leases and their respective ROU assets on the statement of financial position.

2. CASH AND RESTRICTED CASH

The Organization maintains its cash in two accounts with the same bank. All cash investments are available upon demand. At March 31, 2023 the Organization had bank balances totaling \$351,434 and a book balance of \$351,413. Of the bank balance \$101,434 was uninsured by the Federal Deposit Insurance Corporation. All cash reported as restricted cash is restricted for the investment of property and equipment and is restricted by donors.

**FRIENDS FOR SIGHT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

3. NET ASSETS WITH DONOR RESTRICTIONS

The Organization receives donations and grants that are restricted for specific purposes by the donor or grantor. When donor specified purposes are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. The balance of net assets with donor restrictions at March 31, 2023 and 2022 were \$0 and \$0, respectively.

4. NET ASSETS DESIGNATED FOR EMERGENCY NEEDS

On May 20, 2020, the governing board approved an emergency needs fund to be used for eye exams and glasses for low-income services. The balance of net assets designated for emergency needs at March 31, 2023 is \$290.

5. DONATED MATERIALS AND SERVICES

The Organization receives donated services on a regular basis that assist with program activities. The volunteer hours are provided eye care professionals (244 hours), screeners (3,328 hours), trainers (80 hours), and Board members (288 hours). During the 2023 year, the Organization has estimated the value of these services to be \$203,040. No amount of these services has been recorded in the accompanying financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

The Organization also receives donated materials to aid in the operations of its activities. Materials received and recognized as revenues were \$34,950 and \$35,050 for the years ended March 31, 2023 and 2022.

6. CONTRIBUTIONS RECEIVABLE

Contributions receivable are unrestricted donations from the driver's license checkoff program for the months of February and March that are not collected until April. The receivable balance at March 31, 2023 and 2022 was \$14,084 and \$18,599, respectively.

7. RETIREMENT PLAN

The Organization offers a Simple-IRA plan (the "Plan") to qualifying employees. The Plan requires the employer to make a matching contribution of up to 3% of salary for those employees who choose to make voluntary contributions. The Organization made contributions of \$2,214 to the employees' Simple-IRA accounts for the year ended March 31, 2023, and \$4,506 for the year ended March 31, 2022.

8. LEASING ACTIVITIES - LESSEE

The Organization has a finance lease of a copier for the administrative function of the Organization. The lease has a term of 63 months, is renewable, and has the option to purchase the equipment at the end of the lease term.

**FRIENDS FOR SIGHT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

8. LEASING ACTIVITIES - LESSEE

The following summarizes the line items in the statements of financial position which include amounts for finance leases as of March 31, 2023:

| | 2023 |
|-----------------------------|----------|
| Finance Lease | |
| Right-of-use asset | \$ 5,352 |
| Accumulated amortization | (1,160) |
| Property and equipment, net | \$ 4,192 |
| | |
| Current lease liability | \$ 1,036 |
| Noncurrent lease liability | 3,235 |
| Total lease liability | \$ 4,271 |

The following summarizes the weighted average remaining lease term and discount rate as of March 31, 2023:

| | 2023 |
|--|-----------|
| Weighted Average Remaining Lease Term | |
| Finance leases | 47 months |
| | |
| Weighted Average Discount Rate | |
| Finance leases | 3.5% |

The maturities of lease liabilities as of March 31, 2023 were as follows:

| Year Ending March 31: | Finance |
|------------------------------------|---------|
| 2024 | 1,168 |
| 2025 | 1,168 |
| 2026 | 1,168 |
| 2027 | 1,072 |
| Total lease payments | 4,576 |
| Less: interest | (305) |
| Present value of lease liabilities | 4,271 |

FRIENDS FOR SIGHT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

8. LEASING ACTIVITIES – LESSEE (Continued)

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended March 31:

| | 2023 |
|---|----------|
| Finance lease costs: | |
| Amortization of lease assets included in management and general expenses | \$ 1,071 |
| Interest on lease liabilities included in management and general expenses | 169 |
| Total finance lease costs: | \$ 1,240 |

9. INVESTMENTS

The Organization accounts for its investments in accordance with the provisions of FASB-ASC- 958-320 and 958-325. The Organization's investments are stated at fair market value and consist primarily of common stocks, mutual funds, and fixed debt instruments. Realized and unrealized gains and losses are reported in the statement of activities as unrealized gain/(loss) on investment. The Organization considers all of its investments as "available for sale."

Investments in debt securities and equity securities with readily determinable fair values are carried at fair value. Investments at March 31, 2023 and March 31, 2022 were comprised of the following:

| | 2023 | 2022 |
|---|----------------|----------------|
| | Carrying Value | Carrying Value |
| Mutual funds & exchange traded products | \$ 467,398 | \$ 653,577 |
| Common stocks | 353,912 | 226,744 |
| Debt securities | 246,320 | 63,223 |
| Total of investments | \$ 1,067,630 | \$ 1,143,544 |

Investment return consisted of the following:

| | 2023 | 2022 |
|--|-------------|-----------|
| Interest and Dividends | \$ 25,449 | \$ 47,988 |
| Gains (losses) from sales of investments | (40,549) | 13,681 |
| Unrealized increase (decrease) in fair value | (67,932) | (34,387) |
| Investment advisory fees | (7,920) | (11,873) |
| Total investment return | \$ (90,952) | \$ 15,409 |

**FRIENDS FOR SIGHT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

10. FUNCTIONAL EXPENSE ALLOCATION

The financial statements report certain categories of expenses that are attributable to program services or supporting activities of the Organization. These expenses include those incurred in shared support services. Costs are generally allocated based on the relative size of the underlying goods or services utilized by the respective program or supporting activity.

Program activities include services and support to conduct the Organization’s activities. Fundraising activities include marketing and promoting fundraising events. General and Administrative activities include information systems, accounting, budgeting, decision support, risk management, public relations, human resources, legal compliance, fundraising and other functions.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

A summary of financial assets available to meet cash needs for general expenditures within one year as of March 31, 2023 and 2022 is as follows:

| | 2023 | 2022 |
|--|--------------|--------------|
| Cash and equivalents | \$ 351,413 | \$ 565,046 |
| Contributions receivable | 14,084 | 18,599 |
| Investments | 1,067,630 | 1,143,544 |
| Other current assets | 1,143 | - |
| Less amounts not available to be used within one year: | - | - |
| Cash and equivalents - donor restricted | - | - |
| | \$ 1,434,270 | \$ 1,727,189 |

Donor restricted funds are available for expenditure upon satisfaction of the restriction, the expected timing of which is not generally determinable in advance.

FRIENDS FOR SIGHT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

12. FAIR VALUE MEASUREMENTS

FASB ASC 820-10-50 formerly Statement 157, *Fair value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10-50 are described as follows.

| | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets |
|---------|--|

| | |
|---------|---|
| Level 2 | Inputs to the valuation methodology include <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the assets of liability;• inputs that are derived principally from or corroborated by observed market data by correlation or other means. |
|---------|---|

If the assets or liabilities have a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

| | |
|---------|---|
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |
|---------|---|

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2023.

U.S. government securities: Valued at the closing price reported in the active market in which the individual securities are traded.

Corporate bonds: Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

**FRIENDS FOR SIGHT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

12. FAIR VALUE MEASUREMENTS (Continued)

Common Stock: Certain common stocks are valued at the closing price reported in the active market in which the individual securities are traded. Investments in certain restricted common stocks are valued at the quoted market price of the issuer's unrestricted common stock less an appropriate discount. If a quoted market price for unrestricted common stock of the issuer is not available, restricted common stocks are valued at a multiple of current earnings less an appropriate discount. The multiple chosen is consistent with the multiples of similar companies based on current market prices.

Guaranteed investment contract: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

Certificates of deposit: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization's assets that are measured at fair value include the investments held at UBS Financial Services, Inc.

The following tables sets forth by level, within the fair value hierarchy, the plan's assets at fair value as of March 31, 2023 and 2022.

Assets at Fair Value as of March 31, 2023

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|-------------------|-------------------|----------------|--------------------|
| Mutual funds & exchange traded products | \$ 467,398 | \$ - | \$ - | \$ 467,398 |
| Common Stock | 353,912 | - | - | 353,912 |
| Debt Securities | - | 246,320 | - | 246,320 |
| Total assets at fair value | <u>\$ 821,310</u> | <u>\$ 246,320</u> | <u>\$ -</u> | <u>\$1,067,630</u> |

**FRIENDS FOR SIGHT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

12. FAIR VALUE MEASUREMENTS (Continued)

Assets at Fair Value as of March 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|-------------------|-------------------|-------------|--------------------|
| Mutual funds & exchange traded products | \$ 653,577 | \$ - | \$ - | \$ 653,577 |
| Common Stock | 226,744 | - | - | 226,744 |
| Debt Securities | - | 263,223 | - | 263,223 |
| Total assets at fair value | <u>\$ 880,321</u> | <u>\$ 263,223</u> | <u>\$ -</u> | <u>\$1,143,544</u> |

13. DISAGGREGATION OF REVENUE AND PERFORMANCE OBLIGATIONS

The Organization considers performance obligations to be the rendering of services to its participants or fulfillment of grant obligations according to those contracts. When the services are rendered, the obligations have been satisfied and revenue is recognized at that point in time. Transaction prices and amounts are allocated to the per transaction price and amounts allocated to performance obligations as the services are rendered.

Donations without performance obligations are recognized as revenue when the promise to give is awarded or the money is received.

A disaggregation of revenues based on the performance obligations is displayed below:

| Performance obligations satisfied at a point in time | 2023 | 2022 |
|--|-------------------|-------------------|
| Donated materials and services | \$ 34,950 | \$ 35,050 |
| Grants and governmental assistance | - | - |
| Public support | 632,856 | 510,599 |
| Other income | (90,371) | 15,692 |
| Event income | - | - |
| Total revenues | <u>\$ 577,435</u> | <u>\$ 561,341</u> |

**FRIENDS FOR SIGHT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

13. DISAGGREGATION OF REVENUE AND PERFORMANCE OBLIGATIONS (Continued)

| Performance obligations satisfied over time | 2023 | 2022 |
|---|-------------------|-------------------|
| Donated materials and services | \$ - | \$ - |
| Grants and governmental assistance | - | - |
| Public support | - | - |
| Other income | - | - |
| Event income | - | - |
| | <u> </u> | <u> </u> |
| Total revenues | <u>\$ -</u> | <u>\$ -</u> |

14. CONTRACT BALANCES

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Statement of Financial Position.

The beginning and ending contract balances were as follows:

| | 2023 | 2022 |
|-----------------------|-------------------|-------------------|
| Receivables | \$ 14,084 | \$ 18,599 |
| Unbilled receivables | - | - |
| Advances and deposits | - | - |
| | <u> </u> | <u> </u> |
| | <u>\$ 14,084</u> | <u>\$ 18,599</u> |

No revenue was recognized for the years ended March 31, 2023 and 2022 that that was included in the contract liability balance at the beginning of each year, respectively.

15. DATE OF MANAGEMENT'S REVIEW

Management has performed an evaluation for subsequent events through July 13, 2023 which is the date the financial statements were available to be issued.