

Sankara Eye Foundation, USA

Financial Statements

December 31, 2022 and 2021

Sankara Eye Foundation, USA

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Independent Auditors' Report

To the Board of Directors of
Sankara Eye Foundation, USA

Opinion

We have audited the financial statements of Sankara Eye Foundation, USA (the Foundation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Baker Tilly US, LLP

San Francisco, California
October 19, 2023

Sankara Eye Foundation, USA

Statements of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,488,046	\$ 9,410,974
Grants receivable	1,004,271	-
Investments	4,866	16,461
Prepaid expenses and other current assets	<u>5,928</u>	<u>7,425</u>
Total current assets	9,503,111	9,434,860
Noncurrent Assets		
Operating lease right-of-use assets	68,619	-
Property and equipment, net	1,241	3,159
Deposits	<u>3,240</u>	<u>3,240</u>
Total assets	<u>\$ 9,576,211</u>	<u>\$ 9,441,259</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 52,628	\$ 6,404
Operating lease liabilities, current	69,639	-
Paycheck Protection Program (PPP) loan	<u>-</u>	<u>41,822</u>
Total current liabilities	<u>122,267</u>	<u>48,226</u>
Net Assets		
Without donor restrictions	5,061,731	5,516,254
With donor restrictions	<u>4,392,213</u>	<u>3,876,779</u>
Total net assets	<u>9,453,944</u>	<u>9,393,033</u>
Total liabilities and net assets	<u>\$ 9,576,211</u>	<u>\$ 9,441,259</u>

See notes to financial statements

Sankara Eye Foundation, USA

Statements of Activities

Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues						
Support:						
Grants and contributions	\$ 5,097,954	\$ 4,560,434	\$ 9,658,388	\$ 3,708,205	\$ 3,419,220	\$ 7,127,425
Revenues:						
PPP loan forgiveness	41,822	-	41,822	41,822	-	41,822
Interest and dividends	30,009	-	30,009	26,195	-	26,195
Unrealized and realized (loss) gain on investments	(7,914)	-	(7,914)	5,619	-	5,619
Total revenues	63,917	-	63,917	73,636	-	73,636
Net assets released from restrictions:						
Satisfaction of program restrictions	4,045,000	(4,045,000)	-	2,188,100	(2,188,100)	-
Total support and revenues	9,206,871	515,434	9,722,305	5,969,941	1,231,120	7,201,061
Fundraising Events						
Revenues from special events	386,640	-	386,640	81,178	-	81,178
Less cost of direct benefits to attendees	(338,177)	-	(338,177)	(15,052)	-	(15,052)
Total fundraising events	48,463	-	48,463	66,126	-	66,126
Total support and revenues and fundraising events	9,255,334	515,434	9,770,768	6,036,067	1,231,120	7,267,187
Expenses						
Program services:						
Cataract surgeries	4,332,307	-	4,332,307	2,804,928	-	2,804,928
Capital projects	4,136,719	-	4,136,719	1,942,346	-	1,942,346
COVID-19	-	-	-	288,100	-	288,100
Total program services	8,469,026	-	8,469,026	5,035,374	-	5,035,374
Supporting services:						
Management and general	649,081	-	649,081	383,933	-	383,933
Fundraising	591,750	-	591,750	318,457	-	318,457
Total expenses	9,709,857	-	9,709,857	5,737,764	-	5,737,764
Change in net assets	(454,523)	515,434	60,911	298,303	1,231,120	1,529,423
Net Assets, Beginning	5,516,254	3,876,779	9,393,033	5,217,951	2,645,659	7,863,610
Net Assets, Ending	\$ 5,061,731	\$ 4,392,213	\$ 9,453,944	\$ 5,516,254	\$ 3,876,779	\$ 9,393,033

See notes to financial statements

Sankara Eye Foundation, USA

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services			Supporting Services		Total
	Cataract Surgeries	Capital Projects	Total	Management and General	Fundraising	
Grants	\$ 4,254,027.00	\$ 4,045,000.00	\$ 8,299,027.00	\$ -	\$ -	\$ 8,299,027.00
Cost of special events						
Venue and equipment rental	-	-	-	-	267,045	267,045
Production cost	-	-	-	-	71,132	71,132
Other	-	-	-	7,674	122,213	129,887
Advertising and promotions	36,962	36,962	73,924	-	295,693	369,617
Professional fees	-	-	-	321,531	-	321,531
Salaries and benefits	18,221	39,048	57,269	56,490	98,745	212,504
Printing and publications	13,504	6,752	20,256	82,229	32,557	135,042
Building occupancy	6,818	3,409	10,227	57,957	-	68,184
Bank fees	-	-	-	64,030	-	64,030
Supplies	480	960	1,440	8,162	37,800	47,402
Production and design	2,146	4,291	6,437	36,474	-	42,911
Insurance	-	-	-	9,117	-	9,117
Telecommunications	-	-	-	2,218	2,218	4,436
Postage and shipping	149	297	446	-	2,524	2,970
Depreciation	-	-	-	1,918	-	1,918
Other	-	-	-	1,281	-	1,281
 Total expenses by function	 4,332,307	 4,136,719	 8,469,026	 649,081	 929,927	 10,048,034
Less expenses with revenues on the statement of activities						
Special events, cost of direct benefits to attendees	-	-	-	-	(338,177)	(338,177)
	<u>\$ 4,332,307</u>	<u>\$ 4,136,719</u>	<u>\$ 8,469,026</u>	<u>\$ 649,081</u>	<u>\$ 591,750</u>	<u>\$ 9,709,857</u>

See notes to financial statements

Sankara Eye Foundation, USA

Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services				Supporting Services		Total
	Cataract Surgeries	Capital Projects	COVID-19	Total	Management and General	Fundraising	
Grants	\$ 2,740,795	\$ 1,900,000	\$ 288,100	\$ 4,928,895	\$ -	\$ -	\$ 4,928,895
Cost of special events							
Venue and equipment rental	-	-	-	-	-	4,904	4,904
Production cost	-	-	-	-	-	4,500	4,500
Other	-	-	-	-	501	5,648	6,149
Advertising and promotions	33,515	-	-	33,515	-	192,715	226,230
Salaries and benefits	21,808	36,206	-	58,014	48,562	91,826	198,402
Professional fees	-	-	-	-	159,718	-	159,718
Bank fees	-	-	-	-	79,861	-	79,861
Building occupancy	7,113	3,557	-	10,670	60,464	-	71,134
Production and design	1,061	2,121	-	3,182	18,030	-	21,212
Supplies	263	132	-	395	2,236	14,575	17,206
Printing and publications	95	191	-	286	1,621	12,697	14,604
Bad debts expense	-	-	-	-	5,843	-	5,843
Postage and shipping	278	139	-	417	-	4,422	4,839
Telecommunications	-	-	-	-	2,222	2,222	4,444
Insurance	-	-	-	-	2,668	-	2,668
Depreciation	-	-	-	-	2,207	-	2,207
Total expenses by function	2,804,928	1,942,346	288,100	5,035,374	383,933	333,509	5,752,816
Less expenses with revenues on the statement of activities							
Special events, cost of direct benefits to attendees	-	-	-	-	-	(15,052)	(15,052)
	<u>\$ 2,804,928</u>	<u>\$ 1,942,346</u>	<u>\$ 288,100</u>	<u>\$ 5,035,374</u>	<u>\$ 383,933</u>	<u>\$ 318,457</u>	<u>\$ 5,737,764</u>

See notes to financial statements

Sankara Eye Foundation, USA

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ 60,911	\$ 1,529,423
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Amortization of operating right-of-use assets	(68,619)	-
Unrealized and realized loss (gain) on investments	7,914	(5,619)
Depreciation	1,918	2,207
Bad debts expense	-	5,843
Loan forgiveness, PPP	(41,822)	(41,822)
Donated investments	(69,938)	(64,932)
Changes in operating assets and liabilities		
Receivables	(1,004,271)	(743)
Prepaid expenses and other current assets	1,497	(5,925)
Accounts payable	46,224	(5,070)
Right-of-use liabilities	69,639	-
Net cash (used in) provided by operating activities	(996,547)	1,413,362
Cash Flows From Investing Activities		
Proceeds from sale of investments	73,619	61,219
Net cash provided by investing activities	73,619	61,219
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program loan	-	41,822
Net cash provided by financing activities	-	41,822
Net (decrease) increase in cash and cash equivalents	(922,928)	1,516,403
Cash and Cash Equivalents, Beginning	9,410,974	7,894,571
Cash and Cash Equivalents, Ending	<u>\$ 8,488,046</u>	<u>\$ 9,410,974</u>

See notes to financial statements

Sankara Eye Foundation, USA

Notes to Financial Statements

December 31, 2022 and 2021

1. Nature of Organization and Programs

Sankara Eye Foundation, USA (the Foundation) is a California not-for-profit organization, formed to eradicate curable blindness in India, by raising funds for surgeries and to build specialty eye-care hospitals across India.

The Foundation raises funds through online, mail and phone donations and organized events. Those funds are transmitted to Sri Kanchi Kamakoti Medical Trust and various third-party providers for cataract surgeries and capital projects, consisting primarily of the construction of eye care facilities in India.

During 2021, the Foundation raised and granted funds to charitable organizations in response to the COVID-19 pandemic.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America for Not-for-Profit Organizations (U.S. GAAP).

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds in bank accounts and highly liquid investments with original maturities of three months or less from date of acquisition unless the investments are held for meeting restrictions of a capital or endowment nature.

Investments

Investments consist of common stocks and mutual funds, which are stated at fair values, determined based on quoted market prices. Investments with maturities of less than one year as of the statement of financial position are classified as short-term. Investments with maturities of more than one year as of the date of the statement of financial position are classified as long-term. Unrealized gains and losses resulting from market fluctuations are recognized in the period such fluctuations occur. For purposes of determining realized gains or losses, the cost of securities sold was computed based on the weighted average method. Interest and dividends are recognized when earned.

Fair-Value Measurements

The Foundation considers the use of market-based information over entity-specific information in valuing its investments, using a three-level hierarchy for fair-value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair-value measurements is defined as follows:

Level 1 inputs to the valuation methodology - quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology - quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the investment.

Level 3 inputs to the valuation methodology - unobservable and significant to the fair-value measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

An asset or liability's categorization within the hierarchy is based upon the lowest level of 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.

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 Foundation believes its valuation methods are appropriate and consistent with other practices, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair-value measurement at the reporting date.

The Foundation's investments are classified as Level 1.

Property and Equipment

Property and equipment more than \$1,000 are stated at cost less accumulated depreciation. Repairs and maintenance are expensed as incurred and significant renewals and betterments are capitalized. Depreciation is computed using a straight-line method over the following estimated useful lives:

Type of Property	Estimated Useful Life (in Years)
Office equipment	3 to 10

Depreciation expense were \$1,918 and \$2,207 for the years ended December 31, 2022 and 2021, respectively.

Revenue Recognition

Contributions

Contributions, including unconditional promises to give, are recognized when received as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. The fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

The Foundation provides an allowance for doubtful accounts based upon management's evaluation of the collectability of individual promises. Contributions receivable are written off against the allowance when it is probable that the receivable will not be collected. There were no allowance for doubtful accounts recorded as of December 31, 2022 and 2021.

Contributed securities are recorded at fair value on the date of receipt.

Event Revenue

Revenue recognition for event revenue is accounted for under Accounting Standards Codification (ASC) No. 606, *Revenue From Contracts With Customers (Topic 606)*, through the following five steps:

1. identification of the contract with a customer;
2. identification of the performance obligation in the contract;
3. determination of the transaction price;
4. allocation of the transaction price in the contract; and
5. recognition of revenue when or as a performance obligation is satisfied.

Contracts generally consist of tickets for various events that the Foundation hosts over the duration of the year. The Foundation's performance obligation is to conduct the event for which tickets are sold. The transaction price is determined when the participant purchases an event ticket. In certain instances, the Foundation will offer discounts on tickets, and in cases where an event is cancelled or delayed, a full refund will be offered to the participant. Revenue is recognized when the event occurs.

Gifts-in-Kind

Gifts-in-kind are recorded as support and expenses in the accompanying financial statements at their estimated fair market values on the date of the donation.

The Foundation benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services to the Foundation's program operations and fundraising campaigns. However, the majority of contributed services do not meet the criteria for recognition in the financial statements. U.S. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

In addition, the volunteer service hours provided during the years ended December 31, 2022 and 2021, totaled approximately 2,500 hours and 1,571 hours, respectively, valued at approximately \$35,000 and \$20,423 respectively, using the California minimum wage rate. These volunteer service hours did not require specialized skills and did not meet the recognition criteria set forth under U.S. GAAP. Consequently, these were not recorded as support and expenses.

Tax Status

The Foundation has been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code (IRC) and by the California Franchise Tax Board under Section 23701(d) of the California Revenue and Taxation Code. Contributions to the Foundation are tax deductible to donors under Section 170 of the IRC. Accordingly, no provision for income tax has been made in the accompanying financial statements. The Foundation is not classified as a private foundation.

U.S. GAAP provides disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and does not believe that the Foundation has any uncertain tax positions that require disclosure or adjustment to the financial statements. The Foundation's returns are subject to examination by federal and state taxing authorities, generally for three to four years, respectively, after they are filed.

Advertising and Promotion

Advertising and promotion expenses are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited on the basis of staff time utilized and the ultimate purpose of the expenditure.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

Certain costs of special fund-raising events, such as costs of direct benefits to attendees that are provided in exchange transactions, are deducted from special event revenues.

Recent Accounting Standards

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. FASB has issued subsequent standards to clarify, correct errors in or improve the guidance. ASU No. 2016-13 (as amended) is effective for annual reporting periods beginning after December 15, 2022. The Foundation is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its financial statements.

Newly Adopted Accounting Pronouncement

Effective January 1, 2022, the Foundation adopted ASU No. 2016-02, *Leases (Topic 842)*, and all related amendments. ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. At lease inception, leases are classified as either finance leases or operating leases with associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancelable lease term. Lease expense for an Foundation's finance leases is comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. The Foundation has no finance leases.

The new standard provides for several optional practical expedient. Upon transition to Topic 842, the Foundation elected

- The package of practical expedients permitted under the transition guidance which does not require the Organization to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs.

The new standard also provides for several accounting policy elections, as follows:

- The Foundation has elected the policy not to separate lease and nonlease components for all asset classes.
- When the rate implicit in the lease is not determinable, rather than use the Foundation's incremental borrowing rate, the Foundation elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities.
- The Foundation elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Foundation is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

The Foundation applied the pronouncement on a modified retrospective basis effective January 1, 2022. The Foundation's 2021 financial statements continue to be accounted for under ASC 840 and have not been adjusted. The adoption did not have a material impact on the Foundation's financial statements and results of activities. The Foundation's 2021 financial statements continue to be accounted for under FASB's Topic 840 and have not been adjusted.

Sankara Eye Foundation, USA

Notes to Financial Statements

December 31, 2022 and 2021

During 2022, the Foundation adopted the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets. The adoption of ASU No. 2020-07 did not have an impact on financial statement presentation when applied retrospectively to all periods presented.

Subsequent Events

The Foundation has evaluated subsequent events through October 19, 2023 the date the financial statements were available to be issued.

3. Liquidity and Availability of Financial Assets

The Foundation's Board approves the overall budget and grants made to other charitable organizations.

The Foundation's financial assets available for general expenditure, within one year from December 31, 2022 and 2021:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	\$ 8,488,046	\$ 9,410,974
Receivables	1,004,271	-
Investments	4,866	16,461
Total financial assets	9,497,183	9,427,435
Less amounts not available to be used within one year:		
Net assets with purpose restrictions	(4,392,213)	(3,876,779)
Financial assets available for general expenditures	\$ 5,104,970	\$ 5,550,656

4. Paycheck Protection Program Loan

On May 4, 2020, the Foundation received loan proceeds in the amount of \$41,822 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). On January 26, 2021, the Foundation also received loan proceeds in the amount of \$41,822 as a second PPP Loan (PPP2). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a covered period (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities.

The Foundation met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness during January of 2022 for PPP2 loan and March of 2021 for the first PPP loan. In January 2022 and June 2021, the Organization received legal release from the SBA for the second PPP loan and first PPP loan, respectively, and therefore, recorded the amount forgiven, \$41,822, as forgiveness income in its 2022 and 2021 statement of activities.

Sankara Eye Foundation, USA

Notes to Financial Statements

December 31, 2022 and 2021

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Capital projects	\$ 4,383,857	\$ 3,868,423
COVID-19	8,356	8,356
	<u>\$ 4,392,213</u>	<u>\$ 3,876,779</u>

6. Retirement Plan

The Foundation has a 403(b) retirement plan (the Plan) covering substantially all eligible employees. The Foundation may make discretionary contributions to the Plan. All employees who have completed 12 months of continuous employment and were employed for 500 hours in a Plan year are eligible to participate in the Plan. Eligible employees become fully vested after one year of service. The Foundation did not contribute to the Plan for the years ended December 31, 2022 and 2021, respectively.

7. Leases

The Foundation leases an office space in Milpitas, California under an operating lease agreement effective January 1, 2019 and will expire on December 31, 2023. The total rent expense was \$68,184 and \$71,134 for the years ended December 31, 2022 and 2021, respectively.

Right-of-use assets represent the Foundation's right to use an underlying asset for the lease term, while lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Foundation uses the rate implicit in the lease, or if not readily available, the Foundation uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Foundation's long-lived asset policy. The Foundation reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Foundation made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Foundation:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Foundation obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;

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Notes to Financial Statements

December 31, 2022 and 2021

- Determined whether contracts contain embedded leases;
- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases;
- Determined for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments;

The Foundation does not have any material leasing transactions with related parties.

The Foundation recorded \$68,619 as an operating lease right-of-use asset and \$69,639 as an operating lease liability on the accompanying statement of financial position as of December 31, 2022.

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 0.78%. As of December 31, 2022, the weighted average remaining lease term was one year.

Minimum lease payments until December 31, 2023, which is the date of termination of the lease, are \$68,868.

The following table includes supplemental cash flow and noncash information related to the leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	<u>\$ 68,868</u>
Right-of-use assets obtained in exchange for lease liabilities:	
Operating leases	<u>\$ 136,704</u>

8. Risks and Uncertainties

Credit Risk

The Foundation maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The balances are insured by FDIC up to \$250,000. The Foundation has not experienced any losses in such accounts and management does not have concerns with regards to their bank however the Foundation is aware of the most recent developments in the banking sector, including several banks being put into receiverships, with balances above FDIC limits being subject to receivership certificates, and FDIC's later involvement to resolve the situation by announcing systemic risk exceptions and honoring all deposits. The Foundation is evaluating steps to mitigate its risks as it relates to cash in excess of FDIC limit.