

# **Eversight and Subsidiary**

## **Financial Statements**

**December 31, 2021  
(With Summarized Comparative  
Information for 2020)**



## Table of Contents

|                                                | Page |
|------------------------------------------------|------|
| Independent Auditors' Report                   | 1    |
| Basic Financial Statements                     |      |
| Consolidated Statement of Financial Position   | 4    |
| Consolidated Statement of Activities           | 5    |
| Consolidated Statement of Functional Expenses  | 6    |
| Consolidated Statement of Cash Flows           | 7    |
| Notes to the Consolidated Financial Statements | 8    |
| Supplementary Information                      |      |
| Consolidating Statement of Financial Position  | 25   |
| Consolidating Statement of Activities          | 26   |

## **Independent Auditors' Report**

Management and the Board of Directors  
Eversight and Subsidiary  
Ann Arbor, Michigan

### **Opinion**

We have audited the accompanying consolidated financial statements of Eversight and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Eversight and Subsidiary as of December 31, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Eversight and Subsidiary 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Eversight and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 consolidated 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 consolidated 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 consolidated 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 Eversight and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Eversight and Subsidiary'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.

## **Report on Summarized Comparative Information**

We have previously audited the Eversight and Subsidiary's December 31, 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 3, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been

subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Yeo & Yeo, P.C.*

Ann Arbor, Michigan  
May 10, 2022

**Eversight and Subsidiary**  
**Consolidated Statement of Financial Position**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

|                                                       | <u>2021</u>                 | <u>2020</u>                 |
|-------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Assets</b>                                         |                             |                             |
| Current assets                                        |                             |                             |
| Cash and cash equivalents                             | \$ 8,152,713                | \$ 4,936,437                |
| Accounts receivables                                  | 2,778,557                   | 3,404,738                   |
| Unconditional pledges to give                         | 13,500                      | 10,000                      |
| Prepaid expenses                                      | <u>111,940</u>              | <u>86,040</u>               |
| Total current assets                                  | 11,056,710                  | 8,437,215                   |
| Deposits                                              | 121,455                     | 182,173                     |
| Unconditional pledges to give, net of current portion | -                           | 10,000                      |
| Investments                                           | 9,945,728                   | 9,470,354                   |
| Property and equipment, net                           | <u>8,148,086</u>            | <u>7,590,869</u>            |
| <b>Total assets</b>                                   | <u><u>\$ 29,271,979</u></u> | <u><u>\$ 25,690,611</u></u> |
| <b>Liabilities and Net Assets</b>                     |                             |                             |
| Current liabilities                                   |                             |                             |
| Accounts payable                                      | \$ 555,894                  | \$ 668,758                  |
| Deferred revenue                                      | 4,865                       | 9,897                       |
| Current portion of notes payable                      | -                           | 2,246,600                   |
| Capital lease obligation, current portion             | 522,359                     | 340,861                     |
| Accrued liabilities                                   | <u>1,308,053</u>            | <u>1,118,633</u>            |
| Total current liabilities                             | 2,391,171                   | 4,384,749                   |
| Capital lease obligation, net of current portion      | 7,026,840                   | 6,760,652                   |
| Deferred rent                                         | <u>20,862</u>               | <u>34,333</u>               |
| <b>Total liabilities</b>                              | <u>9,438,873</u>            | <u>11,179,734</u>           |
| <b>Net assets</b>                                     |                             |                             |
| Without donor restrictions                            |                             |                             |
| Undesignated                                          | 9,436,796                   | 4,459,467                   |
| Board designated capital reserve                      | 171,900                     | 474,711                     |
| Board designated endowments                           | 87,134                      | 87,134                      |
| Board designated scholarships                         | 100,000                     | 100,000                     |
| Board designated investment fund                      | <u>9,666,638</u>            | <u>9,191,266</u>            |
| Total without donor restrictions                      | <u>19,462,468</u>           | <u>14,312,578</u>           |
| With donor restrictions                               |                             |                             |
| Perpetual in nature                                   | 91,953                      | 91,953                      |
| Purpose restrictions                                  | <u>278,685</u>              | <u>106,346</u>              |
| Total with donor restrictions                         | <u>370,638</u>              | <u>198,299</u>              |
| Total net assets                                      | <u>19,833,106</u>           | <u>14,510,877</u>           |
| <b>Total liabilities and net assets</b>               | <u><u>\$ 29,271,979</u></u> | <u><u>\$ 25,690,611</u></u> |

See Accompanying Notes to the Consolidated Financial Statements

**Eversight and Subsidiary**  
**Consolidated Statement of Activities**  
**For the Year Ended December 31, 2021**  
**(With Summarized Comparative Totals for 2020)**

|                                                      | Without Donor<br>Restrictions | With Donor<br>Restrictions | <b>Total</b>  |               |
|------------------------------------------------------|-------------------------------|----------------------------|---------------|---------------|
|                                                      |                               |                            | <b>2021</b>   | 2020          |
| <b>Public support and program revenues</b>           |                               |                            |               |               |
| Public support                                       |                               |                            |               |               |
| Contributions                                        | \$ 1,094,700                  | \$ 383,482                 | \$ 1,478,182  | \$ 706,213    |
| In-kind contributions                                | 57,082                        | -                          | 57,082        | -             |
| Forgiveness of debt                                  | 2,246,600                     | -                          | 2,246,600     | -             |
| Total public support                                 | 3,398,382                     | 383,482                    | 3,781,864     | 706,213       |
| Program revenues                                     |                               |                            |               |               |
| Eye tissue processing fees                           | 24,753,487                    | -                          | 24,753,487    | 20,377,388    |
| Other revenue                                        | 45,374                        | -                          | 45,374        | 92,086        |
| Total program revenues                               | 24,798,861                    | -                          | 24,798,861    | 20,469,474    |
| Net assets released from restrictions                | 211,143                       | (211,143)                  | -             | -             |
| Total public support and program revenues            | 28,408,386                    | 172,339                    | 28,580,725    | 21,175,687    |
| <b>Expenses</b>                                      |                               |                            |               |               |
| Program services                                     |                               |                            |               |               |
| Tissue procurement and processing program            | 17,268,768                    | -                          | 17,268,768    | 14,652,659    |
| Education program                                    | 154,940                       | -                          | 154,940       | 138,367       |
| Research program                                     | 1,170,984                     | -                          | 1,170,984     | 1,061,085     |
| Total program services                               | 18,594,692                    | -                          | 18,594,692    | 15,852,111    |
| Support services                                     |                               |                            |               |               |
| Administration                                       | 4,630,220                     | -                          | 4,630,220     | 4,387,740     |
| Fundraising                                          | 1,008,119                     | -                          | 1,008,119     | 648,007       |
| Total support services                               | 5,638,339                     | -                          | 5,638,339     | 5,035,747     |
| Total expenses                                       | 24,233,031                    | -                          | 24,233,031    | 20,887,858    |
| Public support and program revenues<br>over expenses | 4,175,355                     | 172,339                    | 4,347,694     | 287,829       |
| <b>Nonoperating income</b>                           |                               |                            |               |               |
| Net investment earnings                              | 974,535                       | -                          | 974,535       | 1,001,094     |
| <b>Change in net assets</b>                          | 5,149,890                     | 172,339                    | 5,322,229     | 1,288,923     |
| Net assets - beginning of year                       | 14,312,578                    | 198,299                    | 14,510,877    | 13,221,954    |
| <b>Net assets - end of year</b>                      | \$ 19,462,468                 | \$ 370,638                 | \$ 19,833,106 | \$ 14,510,877 |

See Accompanying Notes to the Consolidated Financial Statements

**Eversight and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**  
**(With Summarized Comparative Totals for 2020)**

|                                   | Program Services Expenses |                      |                     |                           | Supporting Services Expenses |                     |                                 | Total                |                      |
|-----------------------------------|---------------------------|----------------------|---------------------|---------------------------|------------------------------|---------------------|---------------------------------|----------------------|----------------------|
|                                   | Tissue<br>Program         | Education<br>Program | Research<br>Program | Total Program<br>Services | Administration               | Fundraising         | Total<br>Supporting<br>Services | 2021                 | 2020                 |
| Functional Expenses               |                           |                      |                     |                           |                              |                     |                                 |                      |                      |
| Salaries and related expenses     | \$ 7,960,329              | \$ 114,164           | \$ 700,542          | \$ 8,775,035              | \$ 3,472,374                 | \$ 717,888          | \$ 4,190,262                    | \$ 12,965,297        | \$ 11,579,858        |
| Clinical lab and technical fees   | 6,936,570                 | -                    | 201,219             | 7,137,789                 | -                            | -                   | -                               | 7,137,789            | 5,747,060            |
| Public and professional education | 14,056                    | 22,934               | 531                 | 37,521                    | -                            | 531                 | 531                             | 38,052               | 75,029               |
| Research grants and awards        | -                         | -                    | 65,250              | 65,250                    | -                            | -                   | -                               | 65,250               | 94,735               |
| Business development              | 24,256                    | -                    | 277                 | 24,533                    | 16,625                       | 726                 | 17,351                          | 41,884               | 20,658               |
| Conferences and meetings          | 15,004                    | 411                  | 1,170               | 16,585                    | 28,414                       | 192,111             | 220,525                         | 237,110              | 78,734               |
| Travel                            | 68,045                    | 786                  | 4,780               | 73,611                    | 25,168                       | 4,799               | 29,967                          | 103,578              | 57,545               |
| Bad debt expense                  | 55,315                    | -                    | -                   | 55,315                    | -                            | -                   | -                               | 55,315               | 26,169               |
| Depreciation                      | 794,824                   | 1,242                | 17,395              | 813,461                   | 49,699                       | 8,697               | 58,396                          | 871,857              | 706,318              |
| Professional fees                 | 187,750                   | -                    | 10,906              | 198,656                   | 164,290                      | -                   | 164,290                         | 362,946              | 337,579              |
| Rent and utilities                | 225,122                   | 8,919                | 125,234             | 359,275                   | 358,113                      | 62,435              | 420,548                         | 779,823              | 922,644              |
| Tax expense                       | 206,325                   | -                    | -                   | 206,325                   | -                            | -                   | -                               | 206,325              | -                    |
| Insurance                         | 108,639                   | 886                  | 12,402              | 121,927                   | 35,568                       | 6,201               | 41,769                          | 163,696              | 146,866              |
| Supplies                          | 15,273                    | 126                  | 1,573               | 16,972                    | 6,176                        | 880                 | 7,056                           | 24,028               | 27,648               |
| Membership dues                   | 198,249                   | -                    | -                   | 198,249                   | -                            | -                   | -                               | 198,249              | 156,471              |
| Postage and shipping              | 6,088                     | 153                  | 736                 | 6,977                     | 4,136                        | 1,070               | 5,206                           | 12,183               | 14,484               |
| Interest and finance charges      | 212,479                   | -                    | -                   | 212,479                   | -                            | -                   | -                               | 212,479              | 199,611              |
| Printing and publications         | 6,979                     | 3,489                | 3,489               | 13,957                    | -                            | -                   | -                               | 13,957               | 11,561               |
| Equipment rental and maintenance  | 121,979                   | 897                  | 12,564              | 135,440                   | 36,530                       | 6,282               | 42,812                          | 178,252              | 232,030              |
| Licenses and registrations        | 110,534                   | 902                  | 12,865              | 124,301                   | 36,610                       | 6,311               | 42,921                          | 167,222              | 163,293              |
| Miscellaneous                     | 952                       | 31                   | 51                  | 1,034                     | 396,517                      | 188                 | 396,705                         | 397,739              | 289,565              |
| <b>Total</b>                      | <b>\$ 17,268,768</b>      | <b>\$ 154,940</b>    | <b>\$ 1,170,984</b> | <b>\$ 18,594,692</b>      | <b>\$ 4,630,220</b>          | <b>\$ 1,008,119</b> | <b>\$ 5,638,339</b>             | <b>\$ 24,233,031</b> | <b>\$ 20,887,858</b> |

See Accompanying Notes to the Consolidated Financial Statements

**Eversight and Subsidiary**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

|                                                                             | <u>2021</u>         | <u>2020</u>         |
|-----------------------------------------------------------------------------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                                 |                     |                     |
| Change in net assets                                                        | \$ 5,322,229        | \$ 1,288,923        |
| Items not requiring cash                                                    |                     |                     |
| Depreciation                                                                | 871,857             | 706,318             |
| Bad debt expense                                                            | 55,315              | 26,169              |
| Gain on disposal of equipment                                               | -                   | (104,105)           |
| Deferred rent                                                               | (13,471)            | (21,152)            |
| Realized and unrealized gain on investment                                  | (897,090)           | (922,534)           |
| Forgiveness of debt                                                         | (2,246,600)         | -                   |
| Changes in operating assets and liabilities                                 |                     |                     |
| Accounts receivables                                                        | 570,866             | (488,917)           |
| Unconditional pledges to give                                               | 6,500               | 28,410              |
| Prepaid expenses                                                            | (25,900)            | (31,528)            |
| Other assets                                                                | -                   | 9,557               |
| Deposits                                                                    | 60,718              | (9,052)             |
| Accounts payable                                                            | (112,864)           | (180,665)           |
| Deferred revenue                                                            | (5,032)             | 9,897               |
| Accrued liabilities                                                         | 189,420             | (169,372)           |
| Net cash provided by operating activities                                   | <u>3,775,948</u>    | <u>141,949</u>      |
| <b>Cash flows from investing activities</b>                                 |                     |                     |
| Purchase of property and equipment                                          | (561,772)           | (96,626)            |
| Proceeds from sale of property and equipment                                | -                   | 1,454,705           |
| Purchase of investments                                                     | (5,216,257)         | (6,273,364)         |
| Proceeds from sale of investments                                           | <u>5,637,973</u>    | <u>4,491,516</u>    |
| Net cash used by investing activities                                       | <u>(140,056)</u>    | <u>(423,769)</u>    |
| <b>Cash flows from financing activities</b>                                 |                     |                     |
| PPP loan proceeds                                                           | -                   | 2,246,600           |
| Repayments of long-term debt                                                | -                   | (349,000)           |
| Payments on capital lease obligations                                       | <u>(419,616)</u>    | <u>(190,501)</u>    |
| Net cash provided (used) by financing activities                            | <u>(419,616)</u>    | <u>1,707,099</u>    |
| <b>Change in cash and cash equivalents</b>                                  | <u>3,216,276</u>    | <u>1,425,279</u>    |
| <b>Cash and cash equivalents - beginning of year</b>                        | <u>4,936,437</u>    | <u>3,511,158</u>    |
| <b>Cash and cash equivalents - end of year</b>                              | <u>\$ 8,152,713</u> | <u>\$ 4,936,437</u> |
| <b>Supplemental information</b>                                             |                     |                     |
| Cash paid during the year for interest                                      | <u>\$ 191,055</u>   | <u>\$ 199,611</u>   |
| <b>Supplemental schedule of non-cash investing and financing activities</b> |                     |                     |
| Assets acquired through capital leases                                      | <u>\$ 867,302</u>   | <u>\$ -</u>         |

See Accompanying Notes to the Consolidated Financial Statements

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

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**Note 1 - Organization**

Established in 1947, Eversight is a network of community-based eye banks based in Ann Arbor, Michigan, that serves as the nation's largest nonprofit provider of donated tissue for sight-restoring corneal transplants in the United States. Its mission is to restore sight and prevent blindness through the healing power of donation, transplantation, and research. Operating 24/7/365 from locations in Connecticut, Illinois, Michigan, New Jersey, Ohio and South Korea, Eversight is responsible for recovering, evaluating and providing human eye tissue for transplantation; supporting research into the causes and cures of blinding eye conditions; promoting donation awareness through public and professional education; and providing humanitarian aid to people around the world in need of corneal transplantation.

Through its U.S. and international initiatives, working closely with donor families and surgeons, Eversight recovers, prepares, and provides donate eye/corneal tissue to ensure the gift of sight for more than 8,000 corneal transplant patients each year. Tissue services are provided at low or no cost for patients who cannot afford transplant surgeries and for surgeons conducting medical mission trips worldwide. Charitable donations to Eversight's Gift of Sight Fund provide financial aid to individuals who cannot afford the cost of a cornea transplant and supports humanitarian efforts to cure blindness. To date, Eversight has fulfilled 100 percent of charitable care requests submitted by surgeons on behalf of their patients.

In the pursuit to eliminate blinding eye diseases, Eversight established the Eversight Center for Vision and Eye Banking Research in Cleveland, Ohio, to provide leading ophthalmology researchers with needed resources to find cures and treatments for eye diseases such as age-related macular degeneration, diabetic retinopathy and glaucoma. Capabilities and services include developing eye banking practices that expand the availability of eye tissue for critical studies requiring specific types of tissue to gain new knowledge for future treatment and cures; procuring, processing and preserving critically needed corneal and non-corneal tissue; performing fluorescence, bright field and phase-contrast microscopy; and providing molecular biology and RNA isolation service lines for research partners, as well as services utilizing crucial R&D instrumentation. Research and clinical leadership and staff are highly involved primary and co-investigators on new research.

Since 1980, the Eversight Eye & Vision Research Grant Program has supported researchers at leading academic medical institutions including Harvard, Tufts, Cleveland Clinic, Case Western Reserve, University of Michigan and Northwestern. Eversight's grant program provides critical, early-stage funding or seed grants that are intended to drive foundational research and discovery. Many of these projects have stimulated larger-scale studies and won further financial support from the National Institutes of Health.

Eversight is one of the few nonprofit eye bank networks with the expertise, cultural competence, and philanthropic support to help developing countries establish their own sustainable eye banking infrastructures in regions where millions suffer from treatable blindness. In 2015, Eversight International was formed as a 501(c)3 nonprofit organization to build on this work with medical professionals and government entities in China, the Middle East, Pakistan, and South Korea. Through these partnerships, Eversight International establishes local donation programs and conducts technical laboratory training so tissue can be recovered, processed, and distributed safely, increasing access to corneal transplants and the availability of eye tissue for research and education purposes.

In 2019, Eversight earned GuideStar's Platinum Seal of Transparency for communicating its work and the progress toward its mission. Eversight maintains its commitment to excellence as an accredited member of the Eye Bank Association of America (EBAA) and by meeting the highest quality standards set by the U.S. Food and Drug Administration. It and collaborates with surgeons, researchers, academic medical centers, and eye banks across the United States and abroad.

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

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Eversight actively and consistently monitors and measures the success of all programs and operations. Leadership, staff, and the Board of Directors closely monitor a dashboard of key performance and financial indicators to ensure and drive progress. Key performance indicators include tissue and research placements; expenses and revenue; and quality performance metrics recoveries. Multiple additional metrics and data are monitored at operational, research and departmental levels to ensure quality, responsiveness and impact including measures of fulfillment, precision, quality, compliance, surgeon satisfaction and outcomes and to inform continuous evaluation to improve our impact, performance and outcomes with particular emphasis on clinical operations, training and quality improvement.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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 those resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

**Principles of Consolidation**

The 2021 consolidated financial statements include the financial information of Eversight and Eversight International. All inter-entity balances and transactions have been eliminated.

**Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, the Organization considers as cash and cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

The Organization maintains cash accounts at an area financial institution. The carrying amount of the Organization's deposits with financial institutions at year end was \$8,152,713. The actual bank balances amounted to \$8,277,164. Of these balances, \$8,027,164 was not insured by the Federal Deposit Insurance Corporation.

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

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**Revenue Recognition**

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or purpose by the donor are reported as increases in net assets with donor restrictions. Contributions received with time or purpose restrictions that are met in the same reporting period are reported as support without donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Pledges receivable in the accompanying statement of financial position consist of unconditional promises to give, which are recorded at their net realizable value at the time the promises are received. These promises to give are reflected as either current or long-term receivables on the statement of financial position.

Eye tissue processing fees are recognized when eye tissue is shipped to the end customer and the performance obligation is met.

**Charity Care**

Eversight proudly fulfills 100 percent of charitable care requests in its communities with the Eversight Gift of Sight Program, ensuring individuals seeking cornea transplants receive treatment for their sight regardless of financial constraints. Patients are selected based on an analysis of financial information obtained from the patient. As the organization does not expect payment, the estimated charges for services are not included in net revenue. Tissue services are also offered at no cost to surgeons traveling abroad for medical mission trips to help people in parts of the world lacking access to adequate eye care. Total charitable care services for the years ended December 31, 2021 and 2020 was \$262,560 and \$155,880, respectively.

**Accounts Receivable**

The Organization's accounts receivable at December 31, 2021, consist of processing fees from various healthcare organizations for tissue. Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

For the year ended December 31, 2021 and 2020, approximately 4%, of the Organization's revenue was earned from eye processing fees from Vision Share. Also, as of December 31, 2021 and 2020, approximately 10% and 6% of accounts receivable was due from Vision Share, respectively.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

The Organization uses the income approach to value unconditional promises to give, in the aggregate on an annual basis, under the fair value option.

Unconditional promises to give are stated net of an allowance for doubtful accounts. The allowance for doubtful accounts for pledges receivable was \$0 at December 31, 2021 and 2020, respectively.

**Prepaid Expenses**

Prepaid expenses represent amounts paid in advance for future expenses. All prepaid amounts are expected to be fully utilized.

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

---

**Investments**

Investments are stated at fair values based upon quoted market prices using prevailing financial market information as of December 31, 2021. Realized gains and losses represent the difference between the proceeds received and the cost of investments sold. Unrealized gains and losses represent the change in the market value of the investments during the year. Donated investments are reflected as contributions at their fair values at date of receipt. Investment income is reported net of direct investment expenses.

**Property and Equipment**

Property and equipment are recorded at cost and are being depreciated on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred. Property and equipment with costs exceeding \$5,000 per single purchase or \$15,000 for group purchases will be capitalized. Leasehold improvements exceeding \$15,000 will be capitalized. The Organization reports gifts of property, plant, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Gifts of land, buildings, equipment, and other long-lived assets are also reported as revenue without donor restrictions and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

**Functional Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include salaries and benefits, depreciation and amortization, and occupancy. Salaries and benefits are allocated based on a time and cost review of where efforts are made, occupancy, depreciation and amortization are allocated based on a square footage basis.

**Use 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Long-Lived Assets**

The Organization evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

**Federal Income Taxes**

The Organization is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Organization was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." Such income, pursuant to the Internal Revenue Code and related regulations, includes income derived from activities other than the normal day-to-day operations of the Organization. For the year ended December 31, 2021 there were no interest or penalties recorded or included in the financial statements related to tax liabilities.

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

---

**Paycheck Protection Program (PPP) Loan**

The Organization accounts for the PPP loan as a financial liability in accordance with FASB ASC 470 Debt. Interest is accrued throughout the life of the loan, even when no payments are currently due. Upon forgiveness, the Organization recognized the forgiven amount as extinguishment of debt on the consolidated statement of activities. Any unforgiven debt would have remained a financial liability until payments were due. In July 2021 final forgiveness was determined by the SBA.

**Date of Management's Review**

Management has evaluated subsequent events through May 10, 2022, which is the date the financial statements were available to be issued.

**Note 3 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

|                           | <u>2021</u>          | <u>2020</u>         |
|---------------------------|----------------------|---------------------|
| Cash and cash equivalents | \$ 8,074,665         | \$ 4,936,437        |
| Investments               | -                    | 90,789              |
| Accounts receivable       | <u>2,774,465</u>     | <u>2,742,893</u>    |
|                           | <u>\$ 10,849,130</u> | <u>\$ 7,770,119</u> |

The Organization's goal is generally to maintain financial assets to meet 30 days of operating expenses (approximately \$2 million). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

The Organization's endowment funds consist of donor restricted endowments and funds designated by the board as endowments. Income from donor restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor restricted endowment funds are not available for general expenditure.

The Organization's board-designated endowment of \$87,134 is subject to spending restriction as described in Note 7. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Organization's board-designated investment fund consists of funds set aside at the Board's discretion for investing activities. These funds cannot be used for general expenditure without Board consent.

The Organization's board-designated capital reserve consists of funds set aside at the Board's discretion for future capital projects and additions. These funds cannot be used for general expenditure without Board consent.

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

---

**Note 4 - Unconditional Pledges to Give**

Unconditional pledges to give are scheduled to be collected as follows:

|                                     | 2021             | 2020             |
|-------------------------------------|------------------|------------------|
| Pledges due in less than one year   | \$ 13,500        | \$ 10,000        |
| Pledges due in one to five years    | -                | 10,000           |
| Total unconditional pledges to give | <u>\$ 13,500</u> | <u>\$ 20,000</u> |

Unconditional pledges to give activity for 2021 is detailed as follows:

|                               |                  |
|-------------------------------|------------------|
| Balance beginning of the year | \$ 20,000        |
| Add new pledges               | 27,000           |
| Less collections              | <u>(33,500)</u>  |
| Balance end of the year       | <u>\$ 13,500</u> |

**Note 5 - Investments**

Fair value of marketable debt and equity securities at December 31 consist of:

|                                | 2021                | 2020                |
|--------------------------------|---------------------|---------------------|
| Money market funds             | \$ 175,878          | \$ 1,574,861        |
| Corporate and government bonds | 3,810,672           | 3,033,166           |
| Equities                       | <u>5,938,422</u>    | <u>4,844,118</u>    |
| Total                          | <u>\$ 9,924,972</u> | <u>\$ 9,452,145</u> |

The net investment earnings included in the consolidated statement of activities are summarized as follows for the year ended December 31:

|                              | 2021              | 2020                |
|------------------------------|-------------------|---------------------|
| Dividend and interest income | \$ 156,491        | \$ 142,247          |
| Investment fees              | (79,046)          | (63,687)            |
| Unrealized gain              | 478,376           | 715,224             |
| Realized gain                | <u>418,714</u>    | <u>207,310</u>      |
| Total                        | <u>\$ 974,535</u> | <u>\$ 1,001,094</u> |

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

---

**Note 6 - Property and Equipment**

The cost of property and equipment of the Organization is summarized as follows:

|                                 | 2021                    | 2020                    |
|---------------------------------|-------------------------|-------------------------|
| Construction in progress        | \$ -                    | \$ 25,289               |
| Equipment and software          | 6,306,314               | 6,164,809               |
| Furniture and fixtures          | 816,246                 | 814,703                 |
| Leasehold improvements          | 1,242,873               | 2,064,640               |
| Buildings                       | 8,206,433               | 7,339,131               |
| <br>Total cost                  | <br>16,571,866          | <br>16,408,572          |
| <br>Accumulated depreciation    | <br>(8,423,780)         | <br>(8,817,703)         |
| <br>Property and equipment, net | <br><u>\$ 8,148,086</u> | <br><u>\$ 7,590,869</u> |

Depreciation expense for the years ended December 31, 2021 and 2020 were \$871,857 and \$706,318, respectively.

**Note 7 - Endowment Fund**

The Organization's endowment consists of individual funds established to fulfill its mission statement. Its endowment includes net assets with donor restrictions. As required by accounting procedures generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of net assets with donor restrictions.

**Interpretation of Relevant Law**

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2021, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) The duration and preservation of the fund; (2) The purposes of the organization and the donor restricted endowment fund; (3) General economic conditions; (4) The possible effect of inflation and deflation; (5) The expected total return from income and the appreciation of investments; (6) Other *Investment Return Objectives, Risk Parameters and Strategies*. The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

---

invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution if chosen so by the Board of Trustees. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment net asset composition by type of fund as of December 31, 2021 is as follows:

|                                                                                                             | Without Donor<br>Restriction | With Donor<br>Restrictions | Total             |
|-------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------|-------------------|
| Board-designated                                                                                            | \$ 87,134                    | \$ -                       | \$ 87,134         |
| Donor-restricted                                                                                            |                              |                            |                   |
| Original donor-restricted<br>gift amount and amounts<br>required to be maintained<br>in perpetuity by donor | -                            | 91,953                     | 91,953            |
|                                                                                                             | <u>\$ 87,134</u>             | <u>\$ 91,953</u>           | <u>\$ 179,087</u> |

Changes in endowment net assets for the year ended December 31, 2021 were:

|                   | Without Donor<br>Restriction | With Donor<br>Restrictions | Total             |
|-------------------|------------------------------|----------------------------|-------------------|
| Beginning of year | \$ 87,134                    | \$ 91,953                  | \$ 179,087        |
| Contributions     | -                            | -                          | -                 |
| Distributions     | -                            | -                          | -                 |
| Investment income | -                            | -                          | -                 |
| End of year       | <u>\$ 87,134</u>             | <u>\$ 91,953</u>           | <u>\$ 179,087</u> |

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

---

Endowment net asset composition by type of fund as of December 31, 2020 is as follows:

|                           | Without Donor<br>Restriction | With Donor<br>Restrictions | Total             |
|---------------------------|------------------------------|----------------------------|-------------------|
| Board-designated          | \$ 87,134                    | \$ -                       | \$ 87,134         |
| Donor-restricted          |                              |                            |                   |
| Original donor-restricted |                              |                            |                   |
| gift amount and amounts   |                              |                            |                   |
| required to be maintained |                              |                            |                   |
| in perpetuity by donor    | -                            | 91,953                     | 91,953            |
|                           | <u>\$ 87,134</u>             | <u>\$ 91,953</u>           | <u>\$ 179,087</u> |

Changes in endowment net assets for the year ended December 31, 2020 were:

|                   | Without Donor<br>Restriction | With Donor<br>Restrictions | Total             |
|-------------------|------------------------------|----------------------------|-------------------|
| Beginning of year | \$ 87,134                    | \$ 91,953                  | \$ 179,087        |
| Contributions     | -                            | -                          | -                 |
| Distributions     | -                            | -                          | -                 |
| Investment income | -                            | -                          | -                 |
| End of year       | <u>\$ 87,134</u>             | <u>\$ 91,953</u>           | <u>\$ 179,087</u> |

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

---

**Note 8 - Notes Payable**

During the prior fiscal year, the Organization received a Paycheck Protection Program (PPP) Loan of \$2,246,600 funded by the Federal government through the Small Business Administration. The loan is payable in monthly installments of \$126,432 over a 24-month period at 1% interest. The PPP loan and any accrued interest are forgivable after twenty-four weeks as long as the borrower meets certain criteria. The loan proceeds must be used for eligible purposes, including payroll, health insurance, retirement plans, state and local taxes assessed on employee compensation, mortgage interest, rent, and utilities. The criteria also reduces loan forgiveness for certain reductions in salaries or reductions in FTEs. When final forgiveness, if any, is determined, a gain on extinguishment of debt will be realized for any forgiven amounts. There is a deferral of payments until loan forgiveness is determined or 10 months after the last day of the covered period, whichever occurs first. The Organization received final forgiveness in July 2021 by the SBA.

|                                                                                                                                                                                                                                                                               | <u>2021</u> | <u>2020</u>        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------|
| Paycheck Protection Program (PPP) loan payable to PNC Bank, dated April 25, 2020 for the original amount of \$2,246,600. Payable in monthly installments of \$126,432, including interest at 1% per annum. Secured by all assets of the Organization. Matures April 25, 2022. | \$ -        | \$ 2,246,600       |
| Less current portion                                                                                                                                                                                                                                                          | <u>-</u>    | <u>(2,246,600)</u> |
| Long-term debt, net of current portion                                                                                                                                                                                                                                        | <u>\$ -</u> | <u>\$ -</u>        |

Interest expense on notes payable was \$0 and \$994 for the years ended December 31, 2021 and 2020, respectively.

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

---

**Note 10 - Capital Lease**

The Organization leases two offices under capital leases expiring in 2034 and 2026. The assets and liabilities under capital leases are recorded at the present value of the minimum lease payments for the fair value of the asset. The assets are depreciated over their estimated productive lives. Amortization of assets under capital leases is included in depreciation expense.

The following is a summary of property held under the capital lease:

|                                          | <u>2021</u>         | <u>2020</u>         |
|------------------------------------------|---------------------|---------------------|
| Building                                 | \$ 8,206,433        | \$ 7,339,049        |
| Accumulated amortization                 | <u>(1,340,093)</u>  | <u>(693,132)</u>    |
| Total property held under capital leases | <u>\$ 6,866,340</u> | <u>\$ 6,645,917</u> |

Minimum future lease payments under capital leases as of December 31, 2021, were as follows:

|                                | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|--------------------------------|---------------------|---------------------|---------------------|
| 2022                           | \$ 522,359          | \$ 201,085          | \$ 723,444          |
| 2023                           | 557,613             | 186,278             | 743,891             |
| 2024                           | 594,153             | 170,487             | 764,640             |
| 2025                           | 632,457             | 153,669             | 786,126             |
| 2026                           | 572,303             | 136,347             | 708,650             |
| Thereafter                     | <u>4,670,314</u>    | <u>527,727</u>      | <u>5,198,041</u>    |
| Total capital lease obligation | <u>\$ 7,549,199</u> | <u>\$ 1,375,593</u> | <u>\$ 8,924,792</u> |

The interest rate on the capitalized lease is 2.75% and is imputed based on the lower of the Organization incremental borrowing rate at the inception of each lease of the lessor's implicit rate of return.

**Note 11 - Board-designated Funds**

The board has designated certain funds for specific purposes and projects. The board has designated amounts in the Investment Fund to be invested for future use by the Organization. Board-designated amounts in the Investment Fund totaled \$9,666,638 and \$9,191,226 at December 31, 2021 and 2020, respectively. The Investment Fund is comprised of investments and interest receivable. Additionally, \$171,900 and \$474,711 of net assets were designated to purchase capital assets, \$87,134 and \$87,134 of net assets were designated for endowments and \$100,000 and \$100,000 of net assets were designated for scholarships at December 31, 2021 and 2020, respectively.

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

---

**Note 12 - Revenue from Contracts with Customers**

The following summarizes revenue by type for the year ended December 31:

|                                       | <u>2021</u>              | <u>2020</u>              |
|---------------------------------------|--------------------------|--------------------------|
| Revenue from contracts with customers | \$ 24,753,487            | \$ 20,377,388            |
| Contribution revenue                  | 1,478,182                | 706,213                  |
| In-kind contributions                 | 57,082                   | -                        |
| Forgiveness of debt                   | 2,246,600                | -                        |
| Net investment earnings               | 974,535                  | 1,001,094                |
| Other revenue                         | <u>45,374</u>            | <u>92,086</u>            |
| <br>Total revenue                     | <br><u>\$ 29,555,260</u> | <br><u>\$ 22,176,781</u> |

The following summarizes bad debt expense for the year ended December 31:

|                                                                                      | <u>2021</u>      | <u>2020</u>      |
|--------------------------------------------------------------------------------------|------------------|------------------|
| Impairment loss on receivables and<br>contract assets on contracts with<br>customers | <u>\$ 55,315</u> | <u>\$ 26,169</u> |

The revenue from contracts with customers for the year ended December 31 consists of:

|                                   | <u>2021</u>          | <u>2020</u>          |
|-----------------------------------|----------------------|----------------------|
| Revenue earned at a point in time | <u>\$ 24,753,487</u> | <u>\$ 20,377,388</u> |

Revenue earned at a point in time consists of tissue processing fees provided to researchers and transplant professionals. The tissues are unique orders that are derived from the research or transplant needs and therefore the performance obligation is satisfied when the order is fulfilled; if the tissue is compromised, revenue is still earned as long as the tissue is shipped adhering to the terms of the contract. This is because the tissue use is unique to the needs of the research or transplant. There is no variable consideration for the tissue processing. The transaction price is determined by the terms of the contract. Because the majority of customers are regular and known for paying timely, there is no constraint.

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

---

The following summarizes contract assets and contract liabilities as of:

|                     | December<br>31, 2021 | December<br>31, 2020 | January<br>1, 2020  |
|---------------------|----------------------|----------------------|---------------------|
| Accounts receivable | <u>\$ 2,778,557</u>  | <u>\$ 3,404,738</u>  | <u>\$ 2,941,990</u> |
| Deferred revenue    | <u>\$ 4,865</u>      | <u>\$ 9,897</u>      | <u>\$ -</u>         |

There were no changes in judgments related to revenue recognition for the year ended December 31, 2021.

The Organization uses the practical expedient to record revenue as if there is no significant financing component when the receivable is due within one year.

**Note 13 - Retirement Plan**

The Organization maintains a tax-sheltered retirement plan qualified under Internal Revenue Code Section 403(b). Under this plan, a qualified participant can elect to have 3.5% of compensation withheld for payment into a pension plan. In addition, the Organization contributes a matching percentage of no more than 7% of the compensation of participating employees to the plan. The Organization's contributions to the plan for the years ended December 31, 2021 and 2020, were \$536,335 and \$514,447, respectively.

**Note 14 - Operating Leases**

The Organization leases office space in Illinois, New Jersey, Ohio and Korea, and various equipment under agreements that expire through 2023.

The following is a schedule of future minimum rental payments for the year ending December 31, 2021:

| <u>Year Ending December 31,</u> |                   |
|---------------------------------|-------------------|
| 2022                            | \$ 229,631        |
| 2023                            | <u>49,997</u>     |
| Total                           | <u>\$ 279,628</u> |

Total rent expense for the years ended December 31, 2021 and 2020 was \$367,470 and \$627,211, respectively.

Rental expense is recorded on the straight line basis, while actual rental payments per the lease agreements are not straight-line. Some of the leases have an initial period of no rent or very low rent, and then rent payments gradually increase over the term of the lease. The deferred rent on the statement of financial position represents the accumulated difference between the straight-line rent expense and actual rent payments.

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

---

**Note 15 - Net Assets Release from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31:

|                                      | 2021              | 2020              |
|--------------------------------------|-------------------|-------------------|
| Satisfaction of purpose restrictions |                   |                   |
| Gift of Sight                        | \$ 104,257        | \$ 40,949         |
| Charitable purposes                  | 70,602            | 12,700            |
| Education programs                   | -                 | 24,186            |
| Research programs                    | 5,025             | -                 |
| Scholarships                         | 5,760             | -                 |
| Equipment fund                       | 23,999            | 26,138            |
| Global development                   | 1,500             | -                 |
|                                      | <u>\$ 211,143</u> | <u>\$ 103,973</u> |

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

---

**Note 16 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes and periods at December 31:

|                                                            | <u>2021</u>              | <u>2020</u>              |
|------------------------------------------------------------|--------------------------|--------------------------|
| Subject to expenditure for specified purpose:              |                          |                          |
| Gift of Sight                                              | \$ 40,650                | \$ 27,650                |
| Charitable purposes                                        | 16,418                   | 6,000                    |
| Research programs                                          | 152,000                  | -                        |
| Scholarships                                               | 24,617                   | 28,697                   |
| Equipment fund                                             | -                        | 23,999                   |
| Pakistan Eye Bank                                          | 20,000                   | 20,000                   |
| Global development                                         | <u>25,000</u>            | <u>-</u>                 |
|                                                            | <u>278,685</u>           | <u>106,346</u>           |
| Endowments (perpetual in nature):                          |                          |                          |
| Subject to NFP endowment spending policy and appropriation |                          |                          |
| Beverly A. Blettner Community Education                    | 6,550                    | 6,550                    |
| Gift of Hope and Vision Research                           | 54,483                   | 54,483                   |
| Gift of Sight Charitable                                   | <u>30,920</u>            | <u>30,920</u>            |
| Total endowments                                           | <u>91,953</u>            | <u>91,953</u>            |
| <b>Total net assets with donor restrictions</b>            | <u><u>\$ 370,638</u></u> | <u><u>\$ 198,299</u></u> |

During the year ended June 30, 2007, the Organization created the Beverly A. Blettner Community Education Endowment Fund. The donors stipulated that the principal amount may not be expended. The income generated from the principal may be used for educational purposes.

During the year ended June 30, 2005, the Organization created the Gift of Hope and Vision Research Endowment Fund. The donors stipulated that the principal amounts of \$25,000 and \$30,000 may not be expended. The income generated from the principal may be used to provide for annual distributions to support Eversight Gift of Hope Eye and Vision Research Program.

During the year ended June 30, 2005, the Organization created the Gift of Sight Charitable Endowment Fund. The donor stipulated that the \$385 principal may not be expended. The income generated from the principal may be used to waive or reduce tissue processing fees for patients who are unable to pay.

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

---

**Note 17 - Research and Training Tissues (Unaudited)**

During the years ended December 31, 2021 and 2020, the Organization supplied 3,441 and 2,644, research tissues to medical facilities and universities for research and training purposes. Estimated costs to procure these tissues are included in research program expenditures.

**Note 18 - Fair Value Measurements**

Fair value is defined as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those instruments.

The following tables provide fair value measurement information of marketable debt and equity securities measured at fair value as of December 31, 2021 and 2020:

|                                                                                             | Balance at<br>December 31,<br>2021 | Quoted prices<br>in Active Markets<br>for Identical Assets<br>(Level 1) | Significant<br>Other Observable<br>Inputs<br>(Level 2) |
|---------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------|
| Money market funds                                                                          | \$ 175,878                         | \$ 175,878                                                              | \$ -                                                   |
| Debt securities of the U.S. Treasury and other<br>U.S. government corporations and agencies | 1,708,381                          | -                                                                       | 1,708,381                                              |
| Municipal bonds                                                                             | 548,950                            | 548,950                                                                 | -                                                      |
| Corporate bonds                                                                             | 1,262,102                          | 1,262,102                                                               | -                                                      |
| Other fixed income                                                                          | 311,995                            | 311,995                                                                 | -                                                      |
| Equity securities                                                                           | <u>5,938,422</u>                   | <u>5,938,422</u>                                                        | <u>-</u>                                               |
| <br>Total assets at fair value                                                              | <br><u>\$ 9,945,728</u>            | <br><u>\$ 8,237,347</u>                                                 | <br><u>\$ 1,708,381</u>                                |

**Eversight and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(With Summarized Comparative Information for 2020)**

|                                                                                             | Balance at<br>December 31,<br>2020 | Quoted prices<br>in Active Markets<br>for Identical Assets<br>(Level 1) | Significant<br>Other Observable<br>Inputs<br>(Level 2) |
|---------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------|
| Money market funds                                                                          | \$ 1,574,861                       | \$ 1,574,861                                                            | \$ -                                                   |
| Debt securities of the U.S. Treasury and other<br>U.S. government corporations and agencies | 1,263,809                          | -                                                                       | 1,263,809                                              |
| Municipal bonds                                                                             | 740,776                            | 740,776                                                                 | -                                                      |
| Corporate bonds                                                                             | 752,899                            | 752,899                                                                 | -                                                      |
| Other fixed income                                                                          | 293,891                            | 293,891                                                                 | -                                                      |
| Equity securities                                                                           | 4,844,118                          | 4,844,118                                                               | -                                                      |
|                                                                                             | <u>          </u>                  | <u>          </u>                                                       | <u>          </u>                                      |
| Total assets at fair value                                                                  | \$ 9,470,354                       | \$ 8,206,545                                                            | \$ 1,263,809                                           |

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. There have been no changes in the methodologies used to determine fair value.

**Note 19 - Self-Insurance**

The Organization is self-funded for vision, dental, and health benefits. Employees who elect coverage agree to a copayment. Medical benefits are insured with Blue Cross in a high deductible plan and supplemented by the Organization. Management believes they have adequately provided for all claims incurred in the accompanying financial statements.

Changes in balances of claims liabilities, which are included in the accrued liabilities, for the year ended December 31, 2021 is as follows:

|                                  |                    |
|----------------------------------|--------------------|
| Unpaid claims, December 31, 2020 | \$ 57,400          |
| Incurred claims                  | 1,616,777          |
| Claim payments                   | <u>(1,589,069)</u> |
| Unpaid claims, December 31, 2021 | <u>\$ 85,108</u>   |

## **Supplementary Information**

**Eversight and Subsidiary**  
**Consolidating Statement of Financial Position**  
**December 31, 2021**

|                                                  | Eversight            | Eversight<br>International | Eliminations           | Total                |
|--------------------------------------------------|----------------------|----------------------------|------------------------|----------------------|
| <b>Assets</b>                                    |                      |                            |                        |                      |
| Current Assets                                   |                      |                            |                        |                      |
| Cash and cash equivalents                        | \$ 7,492,551         | \$ 660,162                 | \$ -                   | \$ 8,152,713         |
| Accounts receivables                             | 2,743,326            | 390,173                    | (354,942)              | 2,778,557            |
| Unconditional pledges to give                    | 13,500               | -                          | -                      | 13,500               |
| Intercompany receivable                          | 12,760,646           | 12,532,566                 | (25,293,212)           | -                    |
| Prepaid expenses                                 | 111,107              | 833                        | -                      | 111,940              |
| Total current assets                             | 23,121,130           | 13,583,734                 | (25,648,154)           | 11,056,710           |
| Deposits                                         | 100,553              | 20,902                     | -                      | 121,455              |
| Investments                                      | 9,945,728            | -                          | -                      | 9,945,728            |
| Property and equipment, net                      | 8,148,086            | -                          | -                      | 8,148,086            |
| <b>Total assets</b>                              | <b>\$ 41,315,497</b> | <b>\$ 13,604,636</b>       | <b>\$ (25,648,154)</b> | <b>\$ 29,271,979</b> |
| <b>Liabilities and Net Assets</b>                |                      |                            |                        |                      |
| Current Liabilities                              |                      |                            |                        |                      |
| Accounts payable                                 | \$ 910,836           | \$ -                       | \$ (354,942)           | \$ 555,894           |
| Deferred revenue                                 | 400                  | 4,465                      | -                      | 4,865                |
| Intercompany payable                             | 12,532,566           | 12,760,646                 | (25,293,212)           | -                    |
| Capital lease obligation, current portion        | 522,359              | -                          | -                      | 522,359              |
| Accrued liabilities                              | 932,177              | 375,876                    | -                      | 1,308,053            |
| Total current liabilities                        | 14,898,338           | 13,140,987                 | (25,648,154)           | 2,391,171            |
| Capital lease obligation, net of current portion | 7,026,840            | -                          | -                      | 7,026,840            |
| Deferred rent                                    | 20,862               | -                          | -                      | 20,862               |
| <b>Total liabilities</b>                         | <b>21,946,040</b>    | <b>13,140,987</b>          | <b>(25,648,154)</b>    | <b>9,438,873</b>     |
| <b>Net assets</b>                                |                      |                            |                        |                      |
| Without donor restrictions                       |                      |                            |                        |                      |
| Undesignated                                     | 8,993,147            | 443,649                    | -                      | 9,436,796            |
| Board designated capital reserve                 | 171,900              | -                          | -                      | 171,900              |
| Board designated endowments                      | 87,134               | -                          | -                      | 87,134               |
| Board designated scholarships                    | 100,000              | -                          | -                      | 100,000              |
| Board designated investment fund                 | 9,666,638            | -                          | -                      | 9,666,638            |
| Total without donor restrictions                 | 19,018,819           | 443,649                    | -                      | 19,462,468           |
| With donor restrictions                          |                      |                            |                        |                      |
| Perpetual in nature                              | 91,953               | -                          | -                      | 91,953               |
| Purpose restrictions                             | 258,685              | 20,000                     | -                      | 278,685              |
| Total with donor restrictions                    | 350,638              | 20,000                     | -                      | 370,638              |
| Total net assets                                 | 19,369,457           | 463,649                    | -                      | 19,833,106           |
| <b>Total liabilities and net assets</b>          | <b>\$ 41,315,497</b> | <b>\$ 13,604,636</b>       | <b>\$ (25,648,154)</b> | <b>\$ 29,271,979</b> |

**Eversight and Subsidiary**  
**Consolidating Statement of Activities**  
**For the Year Ended December 31, 2021**

|                                            | Eversight                     |                            | Eversight International       |                            |              | Total                        |                            |               |
|--------------------------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|--------------|------------------------------|----------------------------|---------------|
|                                            | Without Donor<br>Restrictions | With Donor<br>Restrictions | Without Donor<br>Restrictions | With Donor<br>Restrictions | Eliminations | Without Donor<br>Restriction | With Donor<br>Restrictions | Total         |
| <b>Public support and program revenues</b> |                               |                            |                               |                            |              |                              |                            |               |
| Public support                             |                               |                            |                               |                            |              |                              |                            |               |
| Contributions                              | \$ 1,061,728                  | \$ 383,482                 | \$ 32,972                     | \$ -                       | \$ -         | \$ 1,094,700                 | \$ 383,482                 | \$ 1,478,182  |
| In-kind contributions                      | 57,082                        | -                          | -                             | -                          | -            | 57,082                       | -                          | 57,082        |
| Forgiveness of debt                        | 2,246,600                     | -                          | -                             | -                          | -            | 2,246,600                    | -                          | 2,246,600     |
| Total public support                       | 3,365,410                     | 383,482                    | 32,972                        | -                          | -            | 3,398,382                    | 383,482                    | 3,781,864     |
| Program service fee revenue                |                               |                            |                               |                            |              |                              |                            |               |
| Eye tissue processing fees                 | 22,037,032                    | -                          | 2,716,455                     | -                          | -            | 24,753,487                   | -                          | 24,753,487    |
| Other revenue                              | 165,276                       | -                          | (119,902)                     | -                          | -            | 45,374                       | -                          | 45,374        |
| Intercompany charges                       | 1,788,312                     | -                          | -                             | -                          | (1,788,312)  | -                            | -                          | -             |
| Total program revenues                     | 23,990,620                    | -                          | 2,596,553                     | -                          | (1,788,312)  | 24,798,861                   | -                          | 24,798,861    |
| Net assets released from restrictions      | 211,143                       | (211,143)                  | -                             | -                          | -            | 211,143                      | (211,143)                  | -             |
| Total public support and program revenues  | 27,567,173                    | 172,339                    | 2,629,525                     | -                          | (1,788,312)  | 28,408,386                   | 172,339                    | 28,580,725    |
| <b>Expenses</b>                            |                               |                            |                               |                            |              |                              |                            |               |
| Program services                           |                               |                            |                               |                            |              |                              |                            |               |
| Tissue procurement and processing program  | 16,809,042                    | -                          | 2,248,038                     | -                          | (1,788,312)  | 17,268,768                   | -                          | 17,268,768    |
| Education program                          | 154,940                       | -                          | -                             | -                          | -            | 154,940                      | -                          | 154,940       |
| Research program                           | 1,145,971                     | -                          | 25,013                        | -                          | -            | 1,170,984                    | -                          | 1,170,984     |
| Total program services                     | 18,109,953                    | -                          | 2,273,051                     | -                          | (1,788,312)  | 18,594,692                   | -                          | 18,594,692    |
| Support services                           |                               |                            |                               |                            |              |                              |                            |               |
| Administration                             | 4,558,555                     | -                          | 71,665                        | -                          | -            | 4,630,220                    | -                          | 4,630,220     |
| Fundraising                                | 1,008,119                     | -                          | -                             | -                          | -            | 1,008,119                    | -                          | 1,008,119     |
| Total support services                     | 5,566,674                     | -                          | 71,665                        | -                          | -            | 5,638,339                    | -                          | 5,638,339     |
| Total expenses                             | 23,676,627                    | -                          | 2,344,716                     | -                          | (1,788,312)  | 24,233,031                   | -                          | 24,233,031    |
| Program net income (loss)                  | 3,890,546                     | 172,339                    | 284,809                       | -                          | -            | 4,175,355                    | 172,339                    | 4,347,694     |
| <b>Nonoperating income</b>                 |                               |                            |                               |                            |              |                              |                            |               |
| Net investment earnings                    | 974,535                       | -                          | -                             | -                          | -            | 974,535                      | -                          | 974,535       |
| <b>Change in net assets</b>                | 4,865,081                     | 172,339                    | 284,809                       | -                          | -            | 5,149,890                    | 172,339                    | 5,322,229     |
| Net assets - beginning of year             | 14,153,738                    | 178,299                    | 158,840                       | 20,000                     | -            | 14,312,578                   | 198,299                    | 14,510,877    |
| <b>Net assets - end of year</b>            | \$ 19,018,819                 | \$ 350,638                 | \$ 443,649                    | \$ 20,000                  | \$ -         | \$ 19,462,468                | \$ 370,638                 | \$ 19,833,106 |