

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Audited Financial Statements
Year Ended March 31, 2021

With Summarized Totals for the
Year Ended March 31, 2020

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Independent Auditors' Report

The Board of Directors
Prevent Blindness Wisconsin, Inc.
Milwaukee, Wisconsin

We have audited the accompanying financial statements of Prevent Blindness Wisconsin, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prevent Blindness Wisconsin, Inc. as of March 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. GAAP.

Report on Summarized Comparative Information

We have previously audited Prevent Blindness Wisconsin, Inc.'s financial statements, and our report dated June 30, 2020 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

June 11, 2021
Milwaukee, Wisconsin

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Statements of Financial Position
March 31, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and equivalents	\$ 469,437	\$ 206,927
Certificates of deposit	142,807	295,146
Investments	349,690	272,166
Accounts receivable, net	-	15,388
Promises to give, current portion	80,000	80,000
Publication inventory	3,889	4,744
Prepaid expenses	20,502	20,463
Total current assets	1,066,325	894,834
Noncurrent Assets:		
Promises to give (non-current portion), net	-	80,000
Property and equipment, net of accumulated depreciation	24,383	27,861
Total noncurrent assets	24,383	107,861
Total assets	\$ 1,090,708	\$ 1,002,695
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 15,267	\$ 9,950
Due to Prevent Blindness America	-	21,871
Deferred revenue	-	3,800
Deferred rent liability	9,738	7,440
Total liabilities	25,005	43,061
Net Assets:		
Without donor restrictions:		
Undesignated, available for general activities	447,482	389,047
Designated by the Board of Directors for specific purposes	206,381	206,081
Board designated endowment - Legacies	239,433	78,933
Total net assets without donor restrictions	893,296	674,061
With donor restrictions:		
Purpose restrictions	81,105	114,271
Time-restricted for future periods	80,000	160,000
Endowment fund	11,302	11,302
Total net assets with donor restrictions	172,407	285,573
Total net assets	1,065,703	959,634
Total liabilities and net assets	\$ 1,090,708	\$ 1,002,695

The accompanying notes to financial statements
are an integral part of these statements.

PREVENT BLINDNESS WISCONSIN, INC.

Milwaukee, Wisconsin

Statement of Activities

Year Ended March 31, 2021

With Summarized Information for the Year Ended March 31, 2020

	<u>Without Donor</u>	<u>With Donor</u>	<u>TOTALS</u>	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Years Ended March 31,</u>	
			<u>2021</u>	<u>2020</u>
Revenue, Gains, and Other Support:				
Contributions and grants	\$ 384,284	\$ 118,752	\$ 503,036	\$ 778,374
Contribution - Payroll Protection Program Loan	96,328	-	96,328	-
Special events revenue	82,886	-	82,886	140,719
Special events - contributions	110,851	-	110,851	172,804
Less: Costs of direct benefits to donors	<u>(31,707)</u>	-	<u>(31,707)</u>	<u>(75,157)</u>
Net special events revenue	162,030	-	162,030	238,366
Legacies	268,829	-	268,829	24,923
Investment income	14,267	-	14,267	13,285
Unrealized (loss) gain on investments	67,208	-	67,208	(17,197)
Program service revenue	12,824	-	12,824	10,060
Other income	19	-	19	-
Net Assets Released From Restrictions:				
Satisfaction of restrictions	<u>231,918</u>	<u>(231,918)</u>	-	-
Total revenue, gains and other support	<u>1,237,707</u>	<u>(113,166)</u>	<u>1,124,541</u>	<u>1,047,811</u>
Expenses:				
Program Services:				
Public health education	60,422	-	60,422	45,068
Professional education and training	81,249	-	81,249	34,056
Community services	447,252	-	447,252	500,946
Supporting Services:				
General and administrative	123,011	-	123,011	53,206
Fund-raising	115,854	-	115,854	221,547
Total functional expenses	<u>827,788</u>	-	<u>827,788</u>	<u>854,823</u>
Affiliate Support of National Programs	<u>190,684</u>	-	<u>190,684</u>	<u>79,062</u>
Total expenses	<u>1,018,472</u>	-	<u>1,018,472</u>	<u>933,885</u>
Excess (deficit) of revenue, gains and other support over expenses	<u>219,235</u>	<u>(113,166)</u>	<u>106,069</u>	<u>113,926</u>
Nonoperating revenue, gains and losses:				
Net loss on disposal of assets	-	-	-	<u>(5,977)</u>
Change in net assets	219,235	(113,166)	106,069	107,949
Net assets, beginning of year	<u>674,061</u>	<u>285,573</u>	<u>959,634</u>	<u>851,685</u>
Net assets, end of year	<u>\$ 893,296</u>	<u>\$ 172,407</u>	<u>\$ 1,065,703</u>	<u>\$ 959,634</u>

The accompanying notes to financial statements
are an integral part of these statements.

PREVENT BLINDNESS WISCONSIN, INC.

Milwaukee, Wisconsin

Statement of Functional Expenses

Year Ended March 31, 2021

With Summarized Information for the Year Ended March 31, 2020

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>		<u>COSTS OF DIRECT BENEFITS TO DONORS</u>	<u>TOTALS</u> Years Ended March 31,	
	<u>Public Health Education</u>	<u>Professional Education & Training</u>	<u>Community Services</u>	<u>Total</u>	<u>General & Administration</u>	<u>Fund-Raising</u>		<u>2021</u>	<u>2020</u>
Salaries	\$ 34,874	\$ 50,709	\$ 278,619	\$ 364,202	\$ 77,396	\$ 65,487	\$ -	\$ 507,085	\$ 469,124
Employee benefits	8,067	11,730	64,452	84,249	17,904	15,149	-	117,302	134,119
Payroll taxes	2,729	3,968	21,804	28,501	6,057	5,125	-	39,683	36,919
Total salaries and related expenses	45,670	66,407	364,875	476,952	101,357	85,761	-	664,070	640,162
Professional fees and outside services	1,969	2,863	15,729	20,561	4,368	11,318	-	36,247	36,949
Office supplies	962	1,400	7,690	10,052	2,136	1,808	-	13,996	20,084
Telephone	751	1,092	6,001	7,844	1,667	1,410	-	10,921	7,343
Postage and shipping	247	359	1,970	2,576	547	463	-	3,586	5,084
Building occupancy	2,217	3,224	17,713	23,154	4,921	4,163	-	32,238	34,092
Office equipment rental and maintenance	414	601	3,304	4,319	918	777	-	6,014	10,961
Printing and publications	308	448	2,460	3,216	683	1,727	-	5,626	12,448
Travel and meetings	646	940	5,164	6,750	1,434	1,214	-	9,398	21,185
Insurance	516	751	4,124	5,391	1,146	969	-	7,506	7,452
Public education	496	722	3,964	5,182	1,101	932	-	7,215	4,924
Depreciation	5,169	905	5,815	11,889	388	647	-	12,924	14,504
Other	1,057	1,537	8,443	11,037	2,345	4,665	-	18,047	39,635
Costs of direct benefits to donors	-	-	-	-	-	-	31,707	31,707	75,157
Total expenses	60,422	81,249	447,252	588,923	123,011	115,854	31,707	859,495	929,980
Less expenses included with revenues on the statement of activities:									
Costs of direct benefits to donors	-	-	-	-	-	-	(31,707)	(31,707)	(75,157)
Total functional expenses included in the expense section on the statement of activities	\$ 60,422	\$ 81,249	\$ 447,252	\$ 588,923	\$ 123,011	\$ 115,854	\$ -	\$ 827,788	\$ 854,823

The accompanying notes to financial statements are an integral part of these statements.

PREVENT BLINDNESS WISCONSIN, INC.

Milwaukee, Wisconsin

Statements of Cash Flows
Years Ended March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 106,069	\$ 107,949
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	12,924	14,504
Unrealized loss (gain) on investments	(67,208)	17,197
Loss on disposal of assets	-	5,977
Donated stock	-	(37,134)
Changes in assets and liabilities:		
Receivables	15,388	(5,084)
Promises to give	80,000	(93,300)
Publication inventory	855	4,056
Prepaid expense	(39)	(1,577)
Accounts payable and accrued expenses	5,317	(4,899)
Due to Prevent Blindness America	(21,871)	(30,933)
Deferred rent	2,298	2,727
Deferred revenue	(3,800)	(14,800)
Net cash provided (used) by operating activities	<u>129,933</u>	<u>(35,317)</u>
Cash Flows From Investing Activities:		
Purchases of investments	(14,079)	(50,087)
Proceeds from sale/maturity of investments	156,102	37,134
Purchases of property and equipment	(9,446)	(9,446)
Net cash provided (used) by investing activities	<u>132,577</u>	<u>(22,399)</u>
Net change in cash and equivalents	262,510	(57,716)
Cash and equivalents, beginning of year	<u>206,927</u>	<u>264,643</u>
Cash and equivalents, end of year	<u>\$ 469,437</u>	<u>\$ 206,927</u>

The accompanying notes to financial statements are an integral part of these statements.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2021

1. Summary of Significant Accounting Policies

Nature of Activities

Prevent Blindness Wisconsin, Inc. (the "Organization") informs the general public about eye care, health and safety. As part of its services, the Organization provides adult and children vision screenings, eye health and safety seminars, public and professional education, and information/referral services. The Organization primarily serves the state of Wisconsin. The Organization fulfills its mission by focusing in three primary service areas.

Public Health Education – The Organization provides public education to teach the general public about vision health topics such as: the importance of healthy vision, common vision problems and their signs, vision safety, the prevention of eye disease, and how to access vision care. Vision health education is provided through presentations to parents, educators, community groups and others, mass media advertising, including local publications and transit systems, distribution of educational materials, and the Organization's website.

Professional Education and Training – The Organization builds local vision screening infrastructure and makes vision health a priority in communities across Wisconsin through professional education and vision screener training. Vision screener trainings certify volunteers and partners to provide vision screening for three years using the most up-to-date vision screening support as well as vision health education and resources to move individuals to further care after a failed vision screening.

Community Services – The Organization's vision screening program harnesses the collective efforts of hundreds of volunteers and thousands of partners to support vision health for hundreds of adults and hundreds of thousands of children across the state. Certified vision screenings detect children and adults with potential vision problems and refer them to further vision care.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America ("U.S. GAAP"). Under U.S. GAAP, 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. As described in footnote 6, the governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

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

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all demand deposits and time deposits with an original maturity of three months or less to be cash and equivalents.

Certificates of Deposit

Certificates of deposits totaling \$142,807 (\$295,146 at March 31, 2020) are presented in the accompanying financial statements. The certificates bear interest ranging from 0.03– 0.15% (2.00 – 2.37% at March 31, 2020) and have maturities ranging from nine to twelve months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Investments

Under U.S. GAAP, investments in marketable securities with readily determinable fair value and all investments in debt securities are valued at their fair value in the statement of financial position. Unrealized gains and losses are included in the change of net assets.

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This clarifies that the exchange price is the price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. It emphasizes that fair value is a market-based measurement and not an entity-specific measurement. Adoption of this standard has not had a material impact on the Organization's financial statements. U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs, which are summarized as follows:

Level 1 – Quoted prices in active markets, e.g. NYSE, NASDAQ, etc. for assets identical to the securities to be valued. If a Level 1 input is available, it must be used.

Level 2 – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

Level 3 – Unobservable inputs, which contain assumptions by the party valuing those assets. For level 3 inputs, there is no market data or correlation with market assumptions. Examples would include limited partnership interests, closely held stock, etc.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2021 and 2020.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded when received.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are reported at contract value, less an estimate for uncollectible amounts based on past experience. The Organization uses the allowance method for providing for uncollectible accounts. No allowance was provided for at March 31, 2021 and 2020. During the year ended March 31, 2021, the Organization incurred bad debt expense in the amount of \$1,195. No bad debt expense was incurred during the year ended March 31, 2020.

Publication Inventory

Publication inventory, which consist primarily of brochures and publications, are valued at the lower of cost or net realizable value. Cost is determined on the first-in, first-out method.

Property and Equipment

The Organization capitalizes all expenditures in excess of \$2,000 for property and equipment at cost. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' useful lives.

Expenditures for maintenance and repairs are charged against income as incurred. The cost and accumulated depreciation of property and equipment disposed of are removed from the accounts and the corresponding gains and losses are included in the statement of activities.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs such as adult and child vision screenings, eye health and safety seminars, public and professional education, and information/referral services. Volunteers also assist in special events activities, campaign solicitations, and various board and committee assignments. The Organization benefits from approximately 3,073 volunteer hours per year.

Deferred Revenue

Income from special event sponsorships and registration fees received in advance is deferred and recognized in period to which the sponsorships and registration fees related.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member.

Revenue from non-exchange transactions consist of the following:

- **Contributions of cash and promises to give** – gifts received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restriction. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.
- **Federal and state contracts** – Federal and state contracts are conditional upon the incurrence of allowable qualifying expenses. Revenue is recorded as allowable qualifying expenses are incurred.

Revenue that has characteristics of both exchange and non-exchange transactions consist of the following:

- **Special event revenue** – recognized equal to the cost of direct benefits to donors, and contribution revenue for the difference. Special event exchange revenue is recognized when the event takes place.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). None of the Organization's current activities are subject to taxation as unrelated business income.

Under U.S. GAAP, management is required to evaluate any uncertain tax positions taken, if any, and provide additional disclosures. At this time, the Organization does not believe it has taken any uncertain tax positions that may have a material effect on its financial statements or note disclosures.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and on a natural basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of estimates of time and effort. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Subsequent Events

The Organization evaluated its March 31, 2021 financial statements for subsequent events through June 11, 2021, the date the financial statements were available for issuance. There were no subsequent events that required recognition or disclosure.

2. Concentration of Credit Risk

Cash and equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. As of March 31, 2021, the amount of insurance coverage was \$250,000 per depositor at each financial institution.

3. Investments

The following summarizes the classification of investments by classification and method of valuation in accordance with U.S. GAAP as of March 31, 2021:

<u>Description</u>	<u>Total</u>	<u>Fair Value Measurement at Reporting Date Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds:				
Moderate growth - equity	\$ 349,690	\$ 349,690	\$ -	\$ -

The statement of activities includes \$67,208 in unrealized gains for 2021.

The following summarizes the classification of investments by classification and method of valuation in accordance with U.S. GAAP as of March 31, 2020:

<u>Description</u>	<u>Total</u>	<u>Fair Value Measurement at Reporting Date Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds:				
Moderate growth - equity	\$ 272,166	\$ 272,166	\$ -	\$ -

The statement of activities includes \$17,197 in unrealized losses for 2020.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2021
(Continued)

4. Property and Equipment

At March 31, 2021 and 2020, the recorded value of property and equipment was as follows:

	<u>As of March 31,</u>	
	<u>2021</u>	<u>2020</u>
Equipment	\$ 81,937	\$ 72,491
Less accumulated depreciation	(57,554)	(44,630)
Total	<u>\$ 24,383</u>	<u>\$ 27,861</u>

Depreciation expense amounted to \$12,924 and \$14,504 for the years ended March 31, 2021 and 2020, respectively.

5. Promises to Give

Included in promises to give are unconditional promises to give in the amount of \$80,000 and \$160,000 at March 31, 2021 and 2020, respectively.

At March 31, 2021, \$80,000 is expected to be collected in the year. Management has determined that the promises to give are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary.

6. Designated Net Assets

Designations are voluntary Board approved segregations of net assets for specific purposes, projects or investments. The governing Board may approve designations as an aid in planning future expenditures. Designations may be reversed by the governing Board at any time and, accordingly, designated portions of net assets are not considered restricted. Designations are reported as classifications of net assets without donor restrictions on the statements of financial position. At March 31, 2021 and 2020, the Organization's Board had approved the following designations:

	<u>2021</u>	<u>2020</u>
Investment or special purpose	\$ 206,381	\$ 206,381
Board designated endowment – operating reserve from legacies	<u>239,433</u>	<u>78,633</u>
Investment or special purpose	<u>\$ 445,814</u>	<u>\$ 285,014</u>

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2021
(Continued)

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of March 31:

	<u>2021</u>	<u>2020</u>
Restricted to expenditure for a specific purpose:		
Adult Vision Health Program – Racine County	\$ 3,069	\$ 6,115
Children’s Vision Program – Racine County	64,769	33,059
Children Vision Screeners Training	-	9,923
Doolittle – Information Technology Upgrades	3,420	14,397
Nicholas Family Foundation – Volunteer Program	-	48,051
Head Start Program – Green Bay Area	5,775	2,726
Rock County SEES	4,072	-
Total purpose restricted	81,105	114,271
Subject to passage of time:		
2020-21 fiscal year	-	80,000
2021-22 fiscal year	80,000	80,000
Total time restricted	80,000	160,000
Endowments:		
Beneficial interests in perpetual funds	11,302	11,302
Total	\$ 172,407	\$ 285,573

8. Net Assets – Beneficial Interest in Perpetual Trust

Endowment

The Organization’s endowment fund consists of assets held in a money market account at a Wisconsin area financial institution. Income from the funds can be used to support the Organization’s general activities and amounted to \$189 and \$330 in 2021 and 2020, respectively.

As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2021
(Continued)

8. Net Assets – Beneficial Interest in Perpetual Trust (Continued)

Endowment (Continued)

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (“SPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, 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 resources of the Organization
- (7) The investment policies of the Organization

Endowment net assets by type of fund as of March 31, 2021 and 2020 are as follows:

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total Endowment</u>
<u>March 31, 2021</u>			
Board designated endowment funds (Money Market)	\$ -	\$ 239,433	\$ 239,433
Donor-restricted endowment Funds (Money Market):			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	11,302	-	11,302
Total	<u>\$ 11,302</u>	<u>\$ 239,433</u>	<u>\$ 250,735</u>
<u>March 31, 2020</u>			
Board designated endowment funds (Money Market)	\$ -	\$ 78,933	\$ 78,633
Donor-restricted endowment Funds (Money Market):			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	11,302	-	11,302
Total	<u>\$ 11,302</u>	<u>\$ 78,633</u>	<u>\$ 89,935</u>

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9. Affiliation Agreement

The Organization has entered into an affiliation agreement with Prevent Blindness of America (“National”). Under the terms of the affiliation agreement, the Organization agrees to comply with the national/affiliate support formula as may, from time to time, be prescribed by National’s Board of Directors.

Affiliate support of National is provided through the affiliation fee. The fee is a percentage of prior year traditional income. Traditional income includes all revenue elements except those that are excluded under Section 3; Section 3 exclusions include legacies and bequests, special events direct expenses, endowments and funds permanently restricted by donor, donor restricted capital campaign gifts, purchase of National educational materials, investment income, gifts in kind, National sub-recipient grants, and other various items. The sharing policy for traditional income is 10%.

The sharing policy for unrestricted legacies, inter-vivos trusts, and testamentary trusts shall be as follows:

- A. All unrestricted income from legacies, inter-vivos trusts and testamentary trusts received from affiliate territory after January 1, 1996, from wills or codicils dated January 1, 1996, and after are shared 67% to the affiliate and 33% to the national organization after deducting the first 3% to fund the nationwide planned giving program.
- B. All unrestricted income from legacies, inter-vivos trusts and testamentary trusts which come from unaffiliated areas and which do not name an existing affiliate as beneficiary belong solely to the national organization, but the first 3% of each such gift will be used to fund the nationwide planned giving program.
- C. All unrestricted income received after January 1, 1996, from wills or codicils dated prior to January 1, 1996, is shared in accordance with the prior legacy sharing formula after deducting the first 3% to fund the nationwide planned giving program.

On October 30, 2020, National provided an update to the sharing policy for unrestricted legacies, inter-vivo trusts, and testamentary trusts. The update eliminates the requirement to deduct the first 3% of such gifts to fund the nationwide planned giving program. Going forward, all legacy gifts are to be shared as follows: 67% to the affiliate and 33% to National.

The total support provided to National for the years ended March 31, 2021 and 2020 is summarized below:

	<u>2021</u>	<u>2020</u>
Affiliation fee - At rate of 10% in 2021 and 2020	\$ 101,391	\$ 70,336
Legacy sharing	89,293	8,726
Total support to National Programs	<u>\$ 190,684</u>	<u>\$ 79,062</u>

10. Pension Plan

403(b) Retirement Plan

The Organization participates in a defined contribution retirement plan sponsored by National covering all eligible employees who join. Regular employees who work at least 20 hours per week and are at least 18 years of age are eligible to participate on their second anniversary of employment. Employees who join must contribute 5% of their salary per pay period to the plan to receive the match. The Organization will then contribute 7% of the employee’s salary. All contributions are fully vested. Total employer contributions under the plan for the years ended March 31, 2021 and 2020 were \$23,106 and \$18,282, respectively.

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11. Paycheck Protection Program

On April 22, 2020, the Organization received loan proceeds in the amount of \$96,328 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. On February 24, 2021, the entire amount of the PPP loan was forgiven by the Small Business Administration. In accordance with FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*, management has determined that the conditions of the PPP loan have been substantially met and therefore recorded this transaction as a contribution.

12. Lease Commitments

Operating Leases

During the year ended March 31, 2019, the Organization entered into a lease agreement for office space with a commencement date of April 1, 2018. The lease term is 110 months. Monthly rent payments, which include a \$94 electricity charge, start at \$1,987 and incrementally increases from \$1,987 to \$2,335 for the remainder of the lease term. In accordance with the lease agreement, the Organization received two months of free rent during the year ended March 31, 2019 and one month of free rent during the year ended March 31, 2020. The Organization also received free rent for the month of June 2020. As a result of this, a deferred rent liability in the amount of \$9,738 and 7,440 at March 31, 2021 and 2020, respectively has been accrued on the statements of financial position for the free rent.

Occupancy expenses for the years ended March 31, 2021 and 2020 were:

	<u>2021</u>	<u>2020</u>
Base rental	\$ 23,044	\$ 22,615
Parking, storage and additional rent	6,896	8,750
Deferred rent expense	2,298	2,727
Total	\$ 32,238	\$ 34,092

The Organization also leases a mail machine, phone system, and copier machine under operating leases. Total lease expense amounted to \$5,842 and \$7,344 for the years ending March 31, 2021 and 2020, respectively.

The future minimum required payments, under the terms of the above non-cancelable leases, are as follows:

<u>Years Ending</u> <u>March 31,</u>	<u>Amount</u>
2022	\$ 27,397
2023	27,883
2024	28,028
2025	27,125
2026	27,645
2027 - 2028	32,882
Total	\$ 170,960

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13. Liquidity and Availability

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are maintained in checking or savings accounts.

The following table reflects the Organization's financial assets as of March 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date. Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 469,437	\$ 206,927
Certificates of deposit	142,807	295,146
Investments	349,690	272,166
Accounts receivable, net	-	15,388
Promises to give, current portion	80,000	80,000
Total financial assets	1,041,934	869,627
Funds designated by the Board of Directors for specific purposes	(206,381)	(206,381)
Board designated endowment - Legacies	(239,433)	(78,633)
Donor-restricted endowments	(11,302)	(11,302)
Donor-imposed time and purpose restricted net assets	(161,105)	(274,271)
Financial assets available to meet cash needs for general expenditures within one year	\$ 423,713	\$ 299,740

Endowment funds consist of donor-restricted endowments (\$11,302 at March 31, 2021 and 2020) and funds designated by the board as endowments (\$239,433 and \$78,633 at March 31, 2021 and 2020, respectively). Income from donor-restricted endowment is not restricted for specific purposes. Donor-restricted endowment funds are not available for general expenditure.

Although, the organization does not intend to spend from the board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

14. Prior-Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2020, from which the summarized information was derived.