

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Audited Financial Statements
Year Ended March 31, 2023

With Summarized Totals for the
Year Ended March 31, 2022

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Prevent Blindness Wisconsin, Inc., which comprise the statement of financial position as of March 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prevent Blindness Wisconsin, Inc. as of March 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Prevent Blindness Wisconsin, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Prevent Blindness Wisconsin, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Prevent Blindness Wisconsin, Inc.'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 Prevent Blindness Wisconsin, Inc.'s financial statements, and our report dated June 23, 2022 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, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

June 27, 2023
Milwaukee, Wisconsin

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Statements of Financial Position
March 31, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash and equivalents	\$ 221,446	\$ 275,696
Certificate of deposit	65,828	65,828
Investments	588,196	612,221
Accounts receivable, net	15,660	7,967
Promises to give, current portion	100,000	-
Publication inventory	-	1,819
Prepaid expenses	26,000	22,443
Total current assets	1,017,130	985,974
Noncurrent Assets:		
Promises to give (non-current portion), net of discount	354,980	-
Property and equipment:		
Furniture and equipment	89,212	81,937
Less: accumulated depreciation	(76,269)	(67,820)
Net property and equipment	12,943	14,117
Other Assets:		
Operating lease right-of-use asset	132,265	-
Finance lease right-of-use asset	7,835	-
Total other assets	140,100	-
Total assets	<u>\$ 1,525,153</u>	<u>\$ 1,000,091</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 14,548	\$ 17,863
Deferred revenue	12,228	-
Deferred rent liability	-	773
Operating lease liability - current portion	32,132	-
Finance lease liability - current portion	1,595	-
Total current liabilities	60,503	18,636
Noncurrent liabilities:		
Deferred rent liability, net of current portion	-	8,677
Operating lease liability, net of current portion	112,240	-
Finance lease liability, net of current portion	6,313	-
Total noncurrent liabilities	118,553	8,677
Total liabilities	179,056	27,313
Net Assets:		
Without donor restrictions:		
Undesignated, available for general activities	317,429	407,791
Designated by the Board of Directors for specific purposes	206,381	206,381
Board designated endowment - Legacies	239,433	239,433
Total net assets without donor restrictions	763,243	853,605
With donor restrictions:		
Purpose restrictions	116,572	107,871
Time-restricted for future periods	454,980	-
Endowment fund	11,302	11,302
Total net assets with donor restrictions	582,854	119,173
Total net assets	<u>1,346,097</u>	<u>972,778</u>
Total liabilities and net assets	<u>\$ 1,525,153</u>	<u>\$ 1,000,091</u>

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, 2023

With Summarized Information for the Year Ended March 31, 2022

	Without Donor Restrictions	With Donor Restrictions	TOTALS Years Ended March 31,	
			<u>2023</u>	<u>2022</u>
Revenue, Gains, and Other Support:				
Nonexchange transactions:				
Contributions and grants	\$ 502,485	\$ 618,087	\$ 1,120,572	\$ 652,688
Exchange transactions:				
Program service revenue	15,705	-	15,705	12,557
Special events:				
Special events revenue - exchange transactions	140,310	-	140,310	126,531
Special events - contributions	151,590	-	151,590	126,186
Less: Costs of direct benefits to donors	(72,043)	-	(72,043)	(52,795)
Net special events revenue	219,857	-	219,857	199,922
Other:				
Investment income	11,757	-	11,757	12,965
Unrealized loss on investments	(35,543)	-	(35,543)	(7,127)
Other income	669	-	669	-
Total other	(23,117)	-	(23,117)	5,838
Net Assets Released From Restrictions:				
Satisfaction of restrictions	154,406	(154,406)	-	-
Net revenue, gains and other support	869,336	463,681	1,333,017	871,005
Expenses:				
Program Services:				
Public health education	26,661	-	26,661	89,901
Professional education and training	51,561	-	51,561	57,905
Community services	580,777	-	580,777	511,637
Supporting Services:				
General and administrative	86,154	-	86,154	115,685
Fund-raising	131,418	-	131,418	126,084
Total functional expenses	876,571	-	876,571	901,212
Affiliate Support of National Programs	83,127	-	83,127	62,718
Total expenses	959,698	-	959,698	963,930
Change in net assets	(90,362)	463,681	373,319	(92,925)
Net assets, beginning of year	853,605	119,173	972,778	1,065,703
Net assets, end of year	\$ 763,243	\$ 582,854	\$ 1,346,097	\$ 972,778

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, 2023

With Summarized Information for the Year Ended March 31, 2022

	PROGRAM SERVICES				SUPPORTING SERVICES		COSTS OF DIRECT BENEFITS TO DONORS	TOTALS Years Ended March 31,	
	Public Health Education	Professional Education & Training	Community Services	Total	General & Administration	Fund- Raising		2023	2022
Salaries	\$ 15,299	\$ 30,157	\$ 340,164	\$ 385,620	\$ 50,242	\$ 66,760	\$ -	\$ 502,622	\$ 542,899
Employee benefits	2,397	4,725	53,299	60,421	7,872	10,461	-	78,754	101,943
Payroll taxes	1,187	2,339	26,381	29,907	3,896	5,177	-	38,980	39,459
Total salaries and related expenses	18,883	37,221	419,844	475,948	62,010	82,398	-	620,356	684,301
Professional fees and outside services	1,454	2,865	32,318	36,637	4,773	14,658	-	56,068	59,927
Office supplies	423	834	9,412	10,669	1,390	1,848	-	13,907	13,473
Telephone	226	445	5,024	5,695	742	986	-	7,423	7,731
Postage and shipping	118	232	2,620	2,970	387	515	-	3,872	3,698
Building occupancy	209	412	4,642	5,263	685	911	-	6,859	32,253
Office equipment and maintenance	1,667	3,287	37,071	42,025	5,475	7,275	-	54,775	31,114
Operating lease expense	1,071	2,111	23,807	26,989	3,516	4,672	-	35,177	-
Printing and publications	41	82	920	1,043	135	7,003	-	8,181	7,262
Travel and meetings	884	1,743	19,663	22,290	2,905	3,859	-	29,054	18,715
Insurance	206	406	4,581	5,193	677	899	-	6,769	8,154
Public education	104	205	2,309	2,618	340	454	-	3,412	7,560
Depreciation	760	507	4,900	6,167	1,099	1,183	-	8,449	10,266
Amortization of right-of-use asset	30	59	663	752	97	130	-	979	-
Interest on finance lease right-of-use asset	5	9	106	120	16	21	-	157	-
Other	580	1,143	12,897	14,620	1,907	4,606	-	21,133	16,758
Costs of direct benefits to donors	-	-	-	-	-	-	72,043	72,043	52,795
Total expenses	26,661	51,561	580,777	658,999	86,154	131,418	72,043	948,614	954,007
Less expenses included with revenues on the statement of activities:									
Costs of direct benefits to donors	-	-	-	-	-	-	(72,043)	(72,043)	(52,795)
Total functional expenses included in the expense section on the statement of activities	\$ 26,661	\$ 51,561	\$ 580,777	\$ 658,999	\$ 86,154	\$ 131,418	\$ -	\$ 876,571	\$ 901,212

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 373,319	\$ (92,925)
Adjustment to reconcile change in net assets to net cash used by operating activities:		
Depreciation	8,449	10,266
Amortization of right of use asset	979	-
Unrealized loss on investments	35,543	7,127
Donated stock	-	(5,983)
Changes in assets and liabilities:		
Accounts receivable	(7,693)	(7,967)
Promises to give	(454,980)	80,000
Publication inventory	1,819	2,070
Prepaid expense	(3,557)	(1,941)
Accounts payable and accrued expenses	(3,315)	2,596
Operating lease assets and liabilities	12,107	-
Deferred rent	(9,450)	(288)
Deferred revenue	12,228	-
Net cash used by operating activities	<u>(34,551)</u>	<u>(7,045)</u>
Cash Flows From Investing Activities:		
Purchases of investments	(56,664)	(269,756)
Proceeds from sale of investments	45,146	-
Proceeds from maturity of certificates of deposits		77,077
Proceeds from sale of donated stock	-	5,983
Purchases of property and equipment	(7,275)	-
Net cash used by investing activities	<u>(18,793)</u>	<u>(186,696)</u>
Cash Flows From Financing Activities:		
Principal payments of finance lease	(906)	-
Net change in cash and equivalents	(54,250)	(193,741)
Cash and equivalents, beginning of year	<u>275,696</u>	<u>469,437</u>
Cash and equivalents, end of year	<u>\$ 221,446</u>	<u>\$ 275,696</u>
Supplementary Disclosures:		
Interest paid	\$ 157	\$ -
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	32,520	-
Operating cash flows from finance leases	157	-
Financing cash flows from finance leases	906	-
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	172,208	-
Finance leases	8,662	-

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, 2023

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, 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, 2023
(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

The organization has a certificate of deposit totaling \$65,828 (\$65,828 at March 31, 2022) presented in the accompanying financial statements. The certificate bears interest of 1.243% (0.10% at March 31, 2022) and has a term of twelve months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. The certificate matures on October 15, 2023 and is carried at cost plus accrued interest which approximates fair value.

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. 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.

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, 2023 and 2022.

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.

Exchange traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2023
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Investments (Continued)

Corporate Bonds: Valued using a matrix pricing technique. Matrix pricing is used to value securities, based on the securities' relationship to benchmark quoted prices.

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.

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, 2023 and 2022. No bad debt expense was recognized during the years ended March 31, 2023 and 2022.

Promises to Give

Unconditional promises to give are recognized as revenues in the period the pledge is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give that are expected to be collected within one year are recorded at a net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed at a discount rate which is based on the 10-year treasury rates at the time the promise is made. Amortization of the discounts is included in contribution and grants revenue. Management has evaluated the promises and determined that an allowance is not necessary.

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.

Contributed Nonfinancial Assets

Contributed nonfinancial assets of donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation. The Organization did not have any contributed nonfinancial assets during the years ended March 31, 2023 and 2022.

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 1,600 volunteer hours per year.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2023
(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 performance obligations satisfied at a point in time consists of the following:

- **Program service revenue** – The Organization has program service revenue in the form publication sales and professional services (providing educational training to individuals or third-party entities). The Organization recognizes revenue at the point in time in which the sale takes place, which is when the publications transfer to the buyer, or when the professional services have been performed.

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.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2023
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Leases

The Organization leases office space, a copy machine, and a postage meter and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, current operating lease liabilities, and long-term operating lease liabilities on the Organization's statement of financial position. Finance leases are included as finance lease right-of-use (ROU) assets, current finance lease liabilities, and long-term finance lease liabilities on the Organization's statement of financial position.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a short-term basis.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to its leases.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating and finance lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Amortization expense for finance lease ROU asset is recognized on a straight-line bases over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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.

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.

PREVENT BLINDNESS WISCONSIN, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
March 31, 2023
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Organization evaluated its March 31, 2023 financial statements for subsequent events through June 27, 2023, the date the financial statements were available for issuance. See footnote 12 on information related to a subsequent operating lease agreement for a postage meter. There were no other subsequent events that required recognition or disclosure.

Adoption of New Accounting Principles

Recently Adopted Accounting Guidance – Adoption of ASU 2020-07

Financial Accounting Standards Board (“FASB”) Accounting Standards Updated (“ASU”) 2020-07 Not-For-Profit Entities (Topic 958): *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The standard requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also requires that the not-for-profit disclose certain attributes of the contributed nonfinancial assets including, qualitative information, monetizing versus utilizing, any donor-imposed restrictions, valuation techniques and the principal market used to arrive at fair value. We have implemented Topic 958 and have adjusted the presentation in these financial statements accordingly. The amendment has been applied retrospectively. Accordingly, there is no effect on net assets in connection with our implementation of 2020-07.

Recently Adopted Accounting Guidance – Adoption of ASC 842

Effective April, 2022, the Organization adopted FASB ASC 842, *Leases* and recognized and measured leases existing at, or entered into after, April 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment with certain practical expedients available. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on April 1, 2022 an operating lease liability of \$172,208, which represents the present value of the remaining operating lease payments of \$185,915, discounted using the risk-free rate (ranging between 2.66% and 3.59% depending original lease commencement date), and a right-of-use asset of \$162,758 as of April 1, 2022. Results for years beginning prior to April 1, 2022 continue to be reported in accordance with the Organization’s historical accounting treatment. The adoption of *FASB ASC 842* had a material impact on the Organization’s balance sheets but did not have a material impact on Organization’s results of operations or cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

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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, 2023, 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, 2023:

		Fair Value Measurement at Reporting Date Using			
<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual funds:					
Money market mutual funds	\$ 669	\$ 669	\$ -	\$ -	
Corporate bonds	43,506	--	43,506		
Total stock market ETF	146,250	146,250	-	-	
Balance funds – moderate growth	299,596	299,596	-	-	
Total bond market ETF	98,175	98,175	-	-	
Total mutual funds	\$ 588,196	\$ 544,690	\$ 43,506	\$ -	

The statement of activities includes \$35,543 in unrealized losses for 2023.

The following summarizes the classification of investments by classification and method of valuation in accordance with U.S. GAAP as of March 31, 2022:

		Fair Value Measurement at Reporting Date Using			
<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Mutual funds:					
Money market mutual funds	\$ 244,067	\$ 244,067	\$ -	\$ -	
Total stock market ETF	29,369	29,369	-	-	
Moderate growth - equity	318,900	318,900	-	-	
Total bond market ETF	19,885	19,885	-	-	
Total mutual funds	\$ 612,221	\$ 612,221	\$ -	\$ -	

The statement of activities includes \$7,127 unrealized losses for 2022.

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4. Property and Equipment

At March 31, 2023 and 2022, the recorded value of property and equipment was as follows:

	<u>As of March 31,</u>	
	<u>2023</u>	<u>2022</u>
Equipment	\$ 89,212	\$ 81,937
Less accumulated depreciation	(76,269)	(67,820)
Net	<u>\$ 12,943</u>	<u>\$ 14,117</u>

Depreciation expense amounted to \$8,449 and \$10,266 for the years ended March 31, 2023 and 2022, respectively.

5. Promises to Give

Included in promises to give are unconditional promises to give in the amount of \$454,980 and \$0 at March 31, 2023 and 2022, respectively. The promises to give are discounted to a present value using a discount rate of 3.48%. Management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Promises to give totaling \$454,980 as of March 31, 2023 are due as shown below:

<u>Fiscal Year</u> <u>Ending March 31,</u>	
2024	\$ 100,000
2025	100,000
2026	100,000
2027	100,000
2028	100,000
Total promises to give	<u>500,000</u>
Less: Unamortized discount	(45,020)
Net promise to give	<u>\$ 454,980</u>

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, 2023 and 2022, the Organization's Board had approved the following designations:

	<u>2023</u>	<u>2022</u>
Investment or special purpose	\$ 206,381	\$ 206,381
Board designated endowment – operating reserve from legacies	239,433	239,433
Total designated net assets	<u>\$ 445,814</u>	<u>\$ 445,814</u>

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7. Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Restricted to expenditure for a specific purpose:		
Birnschein – Training videos	\$ 4,038	\$ 5,000
Brown County & Milwaukee County Programs	12,427	1,704
Calumet County Program	3,272	1,885
Children's Vision Program – Racine County	62,098	66,184
Doolittle – Information Technology Upgrades	530	-
Head Start Program – Green Bay Area	5,731	4,048
PB National – Health Eyes and Diabetes	21,100	24,000
Rock County Program	5,837	-
Waukesha County Program	1,539	5,050
Total purpose restricted	116,572	107,871
Subject to passage of time:		
Promises to give, net of discount	454,980	-
Total time restricted	454,980	-
Endowments:		
Beneficial interests in perpetual funds	11,302	11,302
Total	<u>\$ 582,854</u>	<u>\$ 119,173</u>

8. Net Assets – Beneficial Interest in Perpetual Trust

Endowment

The Organization's endowment fund consists of assets that are commingled with other funds within a brokerage account at a Wisconsin area financial institution. Income from the funds can be used to support the Organization's general activities and amounted to \$0 and \$196 in 2023 and 2022, 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.

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8. Net Assets – Beneficial Interest in Perpetual Trust (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, 2023 and 2022 are as follows:

	<u>March 31, 2023</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total Endowment</u>
Board designated endowment funds	\$	-	\$ 239,433	\$ 239,433
Donor-restricted endowment Funds:				
Original donor-restricted gift amount required to be maintained in perpetuity by donor		11,302	-	11,302
Total	\$	11,302	\$ 239,433	\$ 250,735
	<u>March 31, 2022</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total Endowment</u>
Board designated endowment funds	\$	-	\$ 239,433	\$ 239,433
Donor-restricted endowment Funds:				
Original donor-restricted gift amount required to be maintained in perpetuity by donor		11,302	-	11,302
Total	\$	11,302	\$ 239,433	\$ 250,735

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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, 2023 and 2022 is summarized below:

	<u>2023</u>	<u>2022</u>
Affiliation fee - At rate of 10% in 2023 and 2022	\$ 83,127	\$ 62,718
Legacy sharing	-	-
Total support to National Programs	<u>\$ 83,127</u>	<u>\$ 62,718</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, 2023 and 2022 were \$21,196 and \$23,658, respectively.

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Notes to Financial Statements
March 31, 2023
(Continued)

11. Leases

The Organization has operating leases for office space and a postage meter and a finance lease for a copier machine.

The office space lease agreement had a commencement date of April 1, 2018 and expires on May 31, 2027. The lease called for monthly base rental payments, which include a \$94 electricity charge, start at \$1,987 and incrementally increases from \$1,987 to \$2,355 for the remainder of the lease term. During the year ended March 31, 2023, the office lease was amended to include an additional 517 rentable square feet. As a result of the amendment, on September 1, 2022, monthly base rental payment increased from \$2,152 to \$2,210 (which includes a \$127 electricity charge), with incremental increases from \$2,210 to \$3,160 for the remainder of the lease term.

The postage meter lease had a commencement date of January 30, 2019 and ends on April 30, 2023. The lease called for quarterly base rental payments of \$175.

The copier lease had a commencement date of July 6, 2018 and called for monthly base rental charges of \$95. This lease ended on August 30, 2022 and was replaced with a new finance lease agreement with a commencement date of September 1, 2022. Monthly rental payments under the new agreement are \$152 for a 63 month term.

As of March 31, 2023, assets recorded under finance leases were \$8,814 and accumulated amortization of \$979.

The components of lease expense were as follows:

		<u>2023</u>
Operating lease expense		35,177
Finance lease cost:		
Amortization of right of use assets	\$	979
Interest on lease liabilities		157
Total	\$	<u>36,313</u>

Lease expense under the prior lease methodology amounted to \$37,964 during the year ended March 31, 2022.

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

	<u>Finance Leases</u>	<u>Operating Leases</u>
Weighted Average Remaining Lease Term	4.67 years	4.16 years
Weighted Average Discount Rate	3.26%	2.97%

Subsequent to year end, the Organization entered into a new operating lease agreement for a postage machine. The lease has a commencement date of May 1, 2023 and calls for quarterly payments of \$184. The subsequent lease agreement expires on April 30, 2028.

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(Continued)

11. Leases (Continued)

The maturities of operating and finance lease liabilities as of March 31, 2023 are as follows:

Years ending March 31,	Operating Leases	Finance Leases
2024	\$ 35,895	\$ 1,824
2025	36,402	1,824
2026	36,996	1,824
2027	37,782	1,824
2028	6,320	1,216
Total future minimum lease payments	153,395	8,512
Less: present value discount	(9,023)	(604)
Total lease liabilities	\$ 144,372	7,908

12. 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, 2023 and 2022, 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>2023</u>	<u>2022</u>
Cash and equivalents	\$ 221,446	\$ 275,696
Certificates of deposit	65,828	65,828
Investments	588,196	612,221
Accounts receivable, net	15,660	7,967
Promises to give, current portion	100,000	-
Total financial assets	991,130	961,712
Funds designated by the Board of Directors for specific purposes	(206,381)	(206,381)
Board designated endowment - Legacies	(239,433)	(239,433)
Donor-restricted endowments	(11,302)	(11,302)
Donor-imposed time and purpose restricted net assets	(116,572)	(107,871)
Financial assets available to meet cash needs for general expenditures within one year	\$ 417,442	\$ 396,725

Endowment funds consist of donor-restricted endowments (\$11,302 at March 31, 2023 and 2022) and funds designated by the board as endowments (\$239,433 at March 31, 2023 and 2022). 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.

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13. Concentrations

During the year ended March 31, 2023, approximately 45% total revenues and other support were received from two donors. During the year ended March 31, 2022, approximately 26% total revenues and other support were received from two donors.

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, 2022, from which the summarized information was derived.