

THE ARMENIAN EYECARE PROJECT

FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Armenian EyeCare Project
San Dimas, California

Opinion

We have audited the accompanying financial statements of The Armenian EyeCare Project (a California Non-Profit Public Benefit Corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 The Armenian EyeCare Project and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Armenian EyeCare Project'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 Financial Statements

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



In performing our 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 The Armenian EyeCare Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Armenian EyeCare Project'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.

Miller Giangrande LLP

February 14, 2024

THE ARMENIAN EYECARE PROJECT
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 666,873	\$ 1,154,272
Investments	1,598,519	1,821,019
Prepays	-	9,034
Deposits	<u>40,000</u>	<u>-</u>
Total current assets	2,305,392	2,984,325
PROPERTY AND EQUIPMENT, net	<u>1,245,741</u>	<u>1,548,983</u>
	<u>\$ 3,551,133</u>	<u>\$ 4,533,308</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accrued expenses	\$ <u>8,850</u>	\$ <u>24,000</u>
Total current liabilities	8,850	24,000
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>3,542,283</u>	<u>4,509,308</u>
	<u>\$ 3,551,133</u>	<u>\$ 4,533,308</u>

THE ARMENIAN EYECARE PROJECT
 STATEMENTS OF ACTIVITIES
 Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>% of Revenue</u>	<u>2021</u>	<u>% of Revenue</u>
REVENUES AND GAINS WITHOUT DONOR RESTRICTIONS				
Donations	\$ 1,179,364	63.62%	\$ 1,365,854	52.04%
Bequests	-	-	90,000	3.42
Special events	310,780	16.76	115,843	4.41
Donations in-kind	575,352	31.04	893,831	34.06
Interest and dividend income	40,991	2.21	42,934	1.64
Net realized and unrealized gains (losses) on investments	<u>(252,706)</u>	<u>(13.63)</u>	<u>116,141</u>	<u>4.43</u>
Total revenues and gains	<u>1,853,781</u>	<u>100.00%</u>	<u>2,624,603</u>	<u>100.00%</u>
EXPENSES				
Program	2,377,927		1,687,699	
Fund development and marketing	245,520		104,738	
Administrative and general	<u>197,359</u>		<u>186,076</u>	
Total expenses	<u>2,820,806</u>		<u>1,978,513</u>	
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(967,025)		646,090	
NET ASSETS, beginning	<u>4,509,308</u>		<u>3,863,218</u>	
NET ASSETS, ending	<u>\$ 3,542,283</u>		<u>\$ 4,509,308</u>	

THE ARMENIAN EYECARE PROJECT
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in unrestricted net assets	\$ (967,025)	\$ 646,090
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	372,823	332,383
Net realized and unrealized (gains) losses on investments	252,706	(116,141)
(Increase) decrease in:		
Prepays	9,034	(9,034)
Deposits	(40,000)	-
Increase (decrease) in:		
Accrued expenses	<u>(15,150)</u>	<u>9,000</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>(387,612)</u>	 <u>862,298</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, net of investment fees	(30,206)	(31,136)
Purchases of equipment	<u>(69,581)</u>	<u>(920,639)</u>
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(99,787)</u>	 <u>(951,775)</u>
 NET DECREASE IN CASH	 (487,399)	 (89,477)
 CASH, beginning	 <u>1,154,272</u>	 <u>1,243,749</u>
 CASH, ending	 <u>\$ 666,873</u>	 <u>\$ 1,154,272</u>

THE ARMENIAN EYECARE PROJECT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: THE ORGANIZATION

The Armenian EyeCare Project (AECF), is a California Non-Profit Public Benefit Corporation, (the Organization). The purpose of the AECF is to provide eye care and to assist in the prevention and treatment of blindness, eye disease and eye injuries in Armenia and such other places throughout the world as designated by the Board of Directors.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Public support and revenue

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. When a donor restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Equipment with a fair value greater than \$500 is capitalized while equipment with a fair value less than \$500 is expensed as program costs. All consumables, regardless of fair value, such as medical supplies and pharmaceuticals are expensed at their fair value and are reflected in program costs.

Donated services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Cash and cash equivalents

For purposes of the statement of cash flows the Organization considers all highly liquid short-term investments purchased with a maturity of three months or less to be cash equivalents.

Concentration of credit risk from financial instruments

The Organization maintains its cash accounts with financial institutions. The Organization from time to time may have bank deposits in excess of the FDIC insurance limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

THE ARMENIAN EYECARE PROJECT
NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Adoption of new accounting pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). ASU 2016-02 requires lessees to record most leases on their balance sheet but recognize expenses in the income statement in a manner similar to previous guidance.

The Organization adopted ASU 2016-02 as of January 1, 2022 and has concluded that no changes are necessary to conform with the new standard, therefore the implementation of ASU 2016-02 has no impact on beginning net assets or revenues.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from California franchise tax under Section 23701d of the California Revenue and Taxation Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for 2022 and 2021.

The Organization files its Form 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of California and its Form 199 with the California Franchise Tax Board. The Organization is generally no longer subject to examination by the Internal Revenue Service or the California Franchise Tax Board for years before 2019.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

THE ARMENIAN EYECARE PROJECT
NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are stated at cost. Depreciation of property and equipment is computed using the straight-line method. Estimated useful lives of the assets are as follows:

Mobile hospital	10 years
Medical equipment	7 years
Vehicles	5-10 years
Tent	5 years
Office equipment, furniture and fixtures	5-7 years
Computer equipment	5 years
Computer software, website and database	3 years

The cost of normal maintenance and repairs is charged to operations as incurred, whereas expenditures which materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in income.

THE ARMENIAN EYECARE PROJECT
NOTES TO FINANCIAL STATEMENTS

NOTE 3: INVESTMENTS

The Organization's investments as of December 31, 2022 and 2021 are recorded at fair value as summarized below:

	<u>2022</u>	<u>2021</u>
Unrestricted		
FNMA Gtd Pass thru Pool	\$ 4,044	\$ 5,766
Russell 2000 Value Index Fund	130,350	156,087
Russell 1000 Value Index Fund	138,153	152,984
Russell 1000 Growth Index Fund	108,834	155,240
Ishares MSCI Emerging Markets	34,110	43,965
Western Asset Management High Income Fund	20,461	26,936
Calvert Short Duration Income Fund	50,079	52,646
FT Templeton Global Bond A	70,338	74,790
FT Franklin Strategic Income A	-	49,875
Loomis Sayles Strategic Income Fund	62,035	70,981
Neuberger Strategic Income Fund	-	52,493
Pioneer Strategic Income Fund	46,032	52,828
Ishares Floating Rate Bond	91,148	91,872
Vanguard Inter-Term Bond	100,109	118,024
Vanguard Short-Term Bond	92,519	99,340
Consumer Staples Select Sector Fund	22,812	23,596
First Trust Value Line Index Fund	41,027	44,245
Dow Jones Global Real Estate Fund	19,059	26,343
S&P 500 Fund	88,724	110,191
Vanguard All World Fund	47,633	58,216
Vanguard Appreciation Fund	62,107	70,246
Wisdomtree Emerging Markets Fund	21,812	26,512
First Trust Fixed Income Fund	35,927	43,530
Bloomberg Barclays Emerging Market Bond Fund	30,264	35,976
Vanguard Inter Term Corporate Bond Fund	42,786	51,204
SPDR Gold Shares	16,285	16,412
US Treasury Bills	73,702	-
UBS Bank Business Account	<u>148,169</u>	<u>110,721</u>
 Total unrestricted investments	 \$ <u>1,598,519</u>	 \$ <u>1,821,019</u>

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 40,897	\$ 42,934
Net realized and unrealized gains	(252,706)	116,141
Investment fees	<u>(10,691)</u>	<u>(11,540)</u>
 Net investment return	 \$ <u>(222,500)</u>	 \$ <u>147,535</u>

The Organization's investments are exposed to various risks, such as interest rate, market, currency and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment assets reported in the financial statements.

THE ARMENIAN EYECARE PROJECT
NOTES TO FINANCIAL STATEMENTS

NOTE 4: LIQUIDITY AND AVAILABILITY

The Organization has approximately \$2,266,000 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$667,000 and investments of \$1,599,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 5: PROPERTY AND EQUIPMENT

The balance of property and equipment as of December 31, 2022 and 2021 is summarized as follows:

	<u>2022</u>	<u>2021</u>
Mobile hospital	\$ 274,054	\$ 274,054
Medical equipment	5,597,601	5,543,101
Vehicles	111,387	111,387
Tent	12,052	12,052
Office equipment	42,447	42,447
Furniture and fixtures	27,252	27,252
Computer equipment	18,754	13,674
Computer software, website and database	<u>154,756</u>	<u>144,755</u>
 Total property and equipment	 6,238,303	 6,168,722
 Less accumulated depreciation	 <u>(4,992,562)</u>	 <u>(4,619,739)</u>
 Property and equipment, net	 <u>\$ 1,245,741</u>	 <u>\$ 1,548,983</u>

Depreciation and amortization expense charged to operations for the years ended December 31, 2022 and 2021 totaled \$372,823 and \$332,383, respectively.

NOTE 6: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited.

THE ARMENIAN EYECARE PROJECT
NOTES TO FINANCIAL STATEMENTS

NOTE 7: FUNCTIONAL EXPENSES

The following schedules summarize the functional expenses and their classification in the statements of activities for the years ended December 31, 2022 and 2021:

December 31, 2022

	<u>Program</u>	<u>Fund Development</u>	<u>Administrative and General</u>	<u>Total</u>
Banking	\$ 40	\$ -	\$ 13,589	\$ 13,629
Computer expenses	19,721	-	29,806	49,527
Depreciation	354,705	18,118	-	372,823
Donations	-	-	450	450
Dues and subscriptions	-	-	-	-
Education	181,894	-	423	182,317
Equipment and supplies	188,324	-	2,036	190,360
Events and meetings	1,312	137,080	748	139,140
Insurance	7,454	-	16,005	23,459
Marketing and public relations	8,801	-	209	9,010
Office space	35,107	-	17,780	52,887
Personnel	271,700	51,075	45,690	368,465
Postage and shipping	7,795	-	3,135	10,930
Printing and production	86,575	39,247	13,085	138,907
Professional services	413,312	-	21,480	434,792
Taxes, licenses and fees	100,582	-	15,373	115,955
Telephone	850	-	4,953	5,803
Travel	122,735	-	291	123,026
Vehicles	1,668	-	12,306	13,974
	<u>1,802,575</u>	<u>245,520</u>	<u>197,359</u>	<u>2,245,454</u>
In-kind expenses				
Equipment and supplies	<u>575,352</u>	<u>-</u>	<u>-</u>	<u>575,352</u>
Totals	<u>\$2,377,927</u>	<u>\$ 245,520</u>	<u>\$ 197,359</u>	<u>\$2,820,806</u>

THE ARMENIAN EYECARE PROJECT
NOTES TO FINANCIAL STATEMENTS

NOTE 7: FUNCTIONAL EXPENSES (continued)

December 31, 2021

	<u>Program</u>	<u>Fund Development</u>	<u>Administrative and General</u>	<u>Total</u>
Banking	\$ -	\$ -	\$ 12,701	\$ 12,701
Computer expenses	12,461	-	26,890	39,351
Depreciation	323,802	7,881	700	332,383
Dues and subscriptions	-	-	3,106	3,106
Education	13,631	-	-	13,631
Equipment and supplies	107,029	-	22,304	129,333
Events and meetings	3,819	5,409	-	9,228
Insurance	10,183	-	16,420	26,603
Marketing and public relations	4,055	2,000	365	6,420
Office space	32,479	-	12,766	45,245
Personnel	311,636	36,000	35,753	383,389
Postage and shipping	29,684	-	6,433	36,117
Printing and production	66,311	53,448	15,558	135,317
Professional services	247,948	-	23,841	271,789
Taxes, licenses and fees	40,182	-	1,065	41,247
Telephone	2,159	-	3,792	5,951
Travel	62,630	-	38	62,668
Vehicles	<u>10,541</u>	<u>-</u>	<u>4,344</u>	<u>14,885</u>
	<u>1,278,550</u>	<u>104,738</u>	<u>186,076</u>	<u>1,569,364</u>
In-kind expenses				
Equipment and supplies	<u>409,149</u>	<u>-</u>	<u>-</u>	<u>409,149</u>
Totals	<u>\$1,687,699</u>	<u>\$ 104,738</u>	<u>\$ 186,076</u>	<u>\$1,978,513</u>

THE ARMENIAN EYECARE PROJECT
NOTES TO FINANCIAL STATEMENTS

NOTE 8: FAIR VALUE MEASUREMENTS

FASB ASC 820-10, Fair Value Measurement, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. It also establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets fall within three different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the assets. The three levels are defined as follows:

Level 1 – These are assets where values are based on unadjusted quoted prices in an active market for identical assets. All investments currently held by the Organization are considered to be level 1.

Level 2 – These are assets where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly. The Organization currently has no level 2 assets.

Level 3 – These are assets where there is limited activity or unobservable market prices and pricing models significant to determining fair value measurement include the reporting entity's own assumptions about market risk. The Organization currently has no level 3 inputs.

Fair value of assets measured on a recurring basis at December 31, 2022 and 2021 are as follows:

<u>December 31, 2022</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Investments – registered investment companies	\$ <u>1,598,519</u>	\$ <u>1,598,519</u>
Total	\$ <u>1,598,519</u>	\$ <u>1,598,519</u>
 <u>December 31, 2021</u>		
Investments – registered investment companies	\$ <u>1,821,019</u>	\$ <u>1,821,019</u>
Total	\$ <u>1,821,019</u>	\$ <u>1,819,019</u>

NOTE 9: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the report date, which represents the date the financial statements were available to be issued.