

DISCOVERY EYE FOUNDATION
FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 18

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Discovery Eye Foundation
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Discovery Eye Foundation (a nonprofit organization), which comprise the statement of financial position as of December 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Discovery Eye Foundation as of December 31, 2021, 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.

Basis for Opinion

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

Prior Period Financial Statements

The 2020 financial statements were reviewed by us, and our report thereon, dated May 13, 2021, stated we are not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

INDEPENDENT AUDITORS' REPORT (Continued)

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 Discovery Eye Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

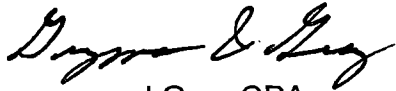
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Discovery Eye Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Discovery Eye Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Guzman and Gray CPAs
Long Beach, CA
March 28, 2022

DISCOVERY EYE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	December 31,	
	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 598,642	\$ 334,266
Investments	1,899,184	1,785,736
Property and Equipment	<u>13,165</u>	<u>18,355</u>
 TOTAL ASSETS	 <u>\$ 2,510,991</u>	 <u>\$ 2,138,357</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable	\$ 950	\$ -
Accrued Liabilities	<u>5,071</u>	<u>5,175</u>
TOTAL LIABILITIES	<u>6,021</u>	<u>5,175</u>
 NET ASSETS		
Without Donor Restrictions	2,203,789	1,761,223
With Donor Restrictions	<u>301,181</u>	<u>371,959</u>
TOTAL NET ASSETS	<u>2,504,970</u>	<u>2,133,182</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,510,991</u>	 <u>\$ 2,138,357</u>

See Independent Auditors' Report and Notes to Financial Statements.

DISCOVERY EYE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 249,987	\$ 460,942	\$ 710,929
Investment Return, net	326,163	-	326,163
	<u>576,150</u>	<u>460,942</u>	<u>1,037,092</u>
Net Assets Released from Restrictions	531,720	(531,720)	-
	<u>1,107,870</u>	<u>(70,778)</u>	<u>1,037,092</u>
TOTAL REVENUE, SUPPORT, AND GAINS			
EXPENSES			
Program Services	564,044	-	564,044
Management and General	82,774	-	82,774
Fundraising	18,486	-	18,486
	<u>665,304</u>	<u>-</u>	<u>665,304</u>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	442,566	(70,778)	371,788
NET ASSETS, BEGINNING OF YEAR	1,761,223	371,959	2,133,182
NET ASSETS, END OF YEAR	<u>\$ 2,203,789</u>	<u>\$ 301,181</u>	<u>\$ 2,504,970</u>

See Independent Auditors' Report and Notes to Financial Statements.

DISCOVERY EYE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 284,465	\$ 284,548	\$ 569,013
Donated Securities	65,569	-	65,569
Investment Return, net	127,534	-	127,534
	<u>477,568</u>	<u>284,548</u>	<u>762,116</u>
Net Assets Released from Restrictions	<u>526,747</u>	<u>(526,747)</u>	<u>-</u>
TOTAL REVENUE, SUPPORT, AND GAINS	<u>1,004,315</u>	<u>(242,199)</u>	<u>762,116</u>
EXPENSES			
Program Services	527,072	-	527,072
Management and General	113,628	-	113,628
Fundraising	16,705	-	16,705
	<u>657,405</u>	<u>-</u>	<u>657,405</u>
TOTAL EXPENSES	<u>657,405</u>	<u>-</u>	<u>657,405</u>
CHANGE IN NET ASSETS	346,910	(242,199)	104,711
NET ASSETS, BEGINNING OF YEAR	<u>1,414,313</u>	<u>614,158</u>	<u>2,028,471</u>
NET ASSETS, END OF YEAR	<u>\$ 1,761,223</u>	<u>\$ 371,959</u>	<u>\$ 2,133,182</u>

See Independent Auditors' Report and Notes to Financial Statements.

DISCOVERY EYE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries	\$ 45,065	\$ 14,254	\$ 11,046	\$ 70,365
Employee Benefits	4,424	1,383	1,106	6,913
Payroll Taxes	4,264	1,333	1,066	6,663
Total Salaries and Related Expenses	53,753	16,970	13,218	83,941
Gifts Contributed	430,962	-	-	430,962
Outside Services	26,254	18,858	1,450	46,562
Supplies	37,505	35	-	37,540
Professional fees	-	8,909	-	8,909
Office Expense	3,069	13,210	-	16,279
Printing and Publications	10,417	30	3,562	14,009
Insurance	-	4,516	-	4,516
Postage and Delivery	1,357	5,371	256	6,984
Advertising and Promotion	130	516	-	646
Bank Charges and Credit Card Fees	171	1,398	-	1,569
Meals	-	85	-	85
Permits, Licenses, and Other Taxes	-	1,230	-	1,230
Dues and Subscriptions	426	2,499	-	2,925
Telephone	-	3,957	-	3,957
Miscellaneous	-	-	-	-
Expenses Before Depreciation	564,044	77,584	18,486	660,114
Depreciation	-	5,190	-	5,190
Total Expenses	\$ 564,044	\$ 82,774	\$ 18,486	\$ 665,304

See Independent Auditors' Report and Notes to Financial Statements.

DISCOVERY EYE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

		<u>Supporting Services</u>		
	<u>Program</u>	<u>Management</u>		<u>Total</u>
	<u>Services</u>	<u>and General</u>	<u>Fundraising</u>	<u>Expenses</u>
Salaries	\$ 45,299	\$ 18,212	\$ 8,262	\$ 71,773
Employee Benefits	5,681	2,255	1,082	9,018
Payroll Taxes	3,849	1,528	733	6,110
 Total Salaries and Related Expenses	 54,829	 21,995	 10,077	 86,901
 Gifts Contributed	 270,000	 -	 -	 270,000
Outside Services	143,330	20,854	1,039	165,223
Supplies	47,968	2,486	-	50,454
Professional fees	-	22,598	-	22,598
Office Expense	300	10,070	-	10,370
Printing and Publications	9,198	546	5,363	15,107
Insurance	-	4,997	-	4,997
Postage and Delivery	788	6,657	226	7,671
Advertising and Promotion	351	1,165	-	1,516
Bank Charges and Credit Card Fees	53	1,421	-	1,474
Meals	-	6,823	-	6,823
Permits, Licenses, and Other Taxes	-	4,673	-	4,673
Dues and Subscriptions	255	1,211	-	1,466
Telephone	-	3,084	-	3,084
Miscellaneous	-	36	-	36
 Expenses Before Depreciation	 527,072	 108,616	 16,705	 652,393
 Depreciation	 -	 5,012	 -	 5,012
 Total Expenses	 <u>\$ 527,072</u>	 <u>\$ 113,628</u>	 <u>\$ 16,705</u>	 <u>\$ 657,405</u>

See Independent Auditors' Report and Notes to Financial Statements.

DISCOVERY EYE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 371,788	\$ 104,711
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	5,190	5,012
Unrealized/Realized Gain on Investments	(282,642)	(84,083)
Donated Securities	-	(65,569)
Increase (Decrease) in Liabilities:		
Accounts Payable	950	(7,554)
Accrued Liabilities	(104)	4,175
NET CASH FROM OPERATING ACTIVITIES	<u>95,182</u>	<u>(43,308)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(3,572)
Purchases of Investments	(95,853)	(155,857)
Proceeds from Sale of Investments	308,920	9,841
Dividends and Interest Reinvestments	<u>(43,873)</u>	<u>(2)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>169,194</u>	<u>(149,590)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	264,376	(192,898)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>334,266</u>	<u>527,164</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 598,642</u>	<u>\$ 334,266</u>

See Independent Auditors' Report and Notes to Financial Statements.

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 1 – ORGANIZATION

Discovery Eye Foundation ("Discovery"), formerly known as The Discovery Fund for Eye Research, Inc., is a California nonprofit public benefit corporation organized for the purpose of promoting medical research and education in the field of eye diseases. Discovery was incorporated on August 31, 1988 as a tax-exempt organization under section 501(c)(3) and has been determined not to be a private foundation under sections 509(a)(1) and 170(b)((1)(A)(vi) of the Internal Revenue Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Discovery uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-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.

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, wherein 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.

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

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash and cash equivalents, accounts payable, and accrued liabilities approximate fair value due to their short-term nature.

Cash and Cash Equivalents

Discovery considers cash and cash equivalents as cash in banks and certificates of deposit with an original maturity of three months or less.

Investments

Discovery records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$500 and the useful life is greater than one year.

Revenue Recognition

Discovery applies the five-step model to contracts when it is probable that Discovery will collect the consideration it is entitled. To determine revenue recognition for arrangements within the scope of ASC Topic 606, Revenue from Contracts with Customers, Discovery performs the following five steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as Discovery satisfies a performance obligation. Discovery then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied.

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

A summary of significant revenue recognition policies is as follows:

Contributions

Contributions received are recorded as either increases in net assets without donor restrictions or increases in net assets with donor restrictions depending on the existence and/or the nature of any donor restrictions. Contributions whose restrictions are met or expired in the same fiscal year are recorded as increases in net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value, which is measured using the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

Costs of providing Discovery's programs and other activities have been presented in the statements of functional expenses. Such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Discovery uses percentage of use estimates to allocate indirect costs.

Income Taxes

Discovery is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code; therefore, no provision has been made for income taxes.

Discovery evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more likely than not would be sustained upon examination. Management does not believe Discovery has any uncertain tax positions requiring accrual or disclosure. Discovery is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022. Discovery is currently evaluating the impact of the adoption of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07 (the "Update"), *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU aims to increase transparency of contributed nonfinancial assets, commonly known as gifts-in-kind, through enhancement to presentation and disclosures. Not-for-Profit entities are required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and to disclose the disaggregation of the amount contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. Each category is subject to certain additional disclosures. The Update should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. Discovery is currently evaluating the impact of the adoption of the Update on the financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that Discovery can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

Level 3 – Unobservable inputs for the asset or liability. In these situations, Discovery develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to Discovery's assessment of the quality, risk, or liquidity profile of the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis. There have been no changes in the methodologies used at December 31, 2021 and 2020:

Cash and money market: Measured at their net asset value and are classified within Level 1.

Equities and fixed income: Valued at the net asset value of shares on the last trading day of the fiscal year, which is the basis for transactions at that date and are classified within Level 1.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2021:

	Total	Level 1	Level 2	Level 3
Equities	\$ 1,899,184	\$ 1,899,184	\$ -	\$ -
Total	<u>\$ 1,899,184</u>	<u>\$ 1,899,184</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2020:

	Total	Level 1	Level 2	Level 3
Cash and Money Market	\$ 252	\$ 252	\$ -	\$ -
Equities	1,737,321	1,737,321	-	-
Fixed Income	48,163	48,163	-	-
Total	<u>\$ 1,785,736</u>	<u>\$ 1,785,736</u>	<u>\$ -</u>	<u>\$ -</u>

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 4 – INVESTMENTS

Investments consist of the following at December 31, 2021:

	<u>Cost</u>	<u>Unrealized Gain</u>	<u>Fair Value</u>
Equities	\$ 1,119,592	\$ 779,592	\$ 1,899,184
Total	<u>\$ 1,119,592</u>	<u>\$ 779,592</u>	<u>\$ 1,899,184</u>

Investments consist of the following at December 31, 2020:

	<u>Cost</u>	<u>Unrealized Gain</u>	<u>Fair Value</u>
Cash and money market	\$ 252	\$ -	\$ 252
Equities	1,242,973	494,348	1,737,321
Fixed Income	46,288	1,875	48,163
Total	<u>\$ 1,289,513</u>	<u>\$ 496,223</u>	<u>\$ 1,785,736</u>

Net investment return consists of the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Dividends and Interest	\$ 43,903	\$ 46,267
Unrealized/Realized Gain	282,642	84,083
Investment Fees	(382)	(2,816)
Total	<u>\$ 326,163</u>	<u>\$ 127,534</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 227,532	\$ 227,532
Less: Accumulated Depreciation	(214,367)	(209,177)
Total	<u>\$ 13,165</u>	<u>\$ 18,355</u>

Depreciation expense for the years ended December 31, 2021 and 2020, totaled \$5,190 and \$5,012, respectively.

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Macular Degeneration	\$ 96,979	\$ 99,020
Mitochondria Research	-	67,914
Keratoconus Research	59,164	72,276
Glaucoma	65,163	30,050
Hampar/Allegro Research	19,007	15,059
Research Education/Gavin	1,000	1,000
Director's Fund	37,343	17,459
Diabetic Retinopathy Research	-	1,102
Kimberly/Kenney	21,925	16,332
TAP	600	595
COVID19	-	51,152
Total	<u>\$ 301,181</u>	<u>\$ 371,959</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Macular Degeneration	\$ 71,374	\$ 135,428
Mitochondria Research	238,964	70,000
Keratoconus Research	50,603	49
Hampar/Allegro Research	16,002	80,442
Research Education/Gavin	-	124,000
Director's Fund	116	22,541
Retinal Vitreous Project	-	1,157
Diabetic Retinopathy Research	1,102	2,384
Kimberly/Kenney	2,407	6,684
TAP	50,000	-
DEF - Pt Ed	-	68,289
COVID19	101,152	15,773
	<u>\$ 531,720</u>	<u>\$ 526,747</u>

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 7 – EMPLOYEE BENEFIT PLAN

Discovery has a Simple IRA available to all eligible employees. Employees may contribute any whole percentage of annual compensation provided that it does not exceed maximum amounts as permitted by law. Employer contributions under this Plan during the years ended December 31, 2021 and 2020 totaled \$1,432 and \$900, respectively, and are included in employee benefits in the accompanying statements of functional expenses.

NOTE 8 – LEASE COMMITMENT

Discovery entered into a non-cancelable operating lease agreement relating to office equipment expiring in June 2022.

The remaining future minimum rental payments under the lease agreement are as follows:

<u>Year Ending June 30,</u>	
2022	<u>\$ 1,410</u>

Lease expense totaled \$4,231 and \$4,414 for the years ended December 31, 2021 and 2022, respectively, and are included in "Office" in the accompanying statements of functional expenses.

NOTE 9 – CONCENTRATION OF CREDIT RISK AND UNCERTAINTIES

Concentration of Credit Risk

Discovery manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by Discovery to be creditworthy. At times, amounts on deposit may exceed insured limits. Investments are made by diversified investment managers whose performance is monitored by Discovery. Although the fair values of investments are subject to fluctuation on a year-to-year basis, Discovery believes that the investment policies and guidelines are prudent for its long-term welfare.

Uncertainties

Even though California's economy is open wherein there are no county tiers, capacity limits, or physical distancing requirements, COVID-19 is not fully contained. As a result, the California Department of Public Health (CDPH) has released guidance related to the COVID-19 pandemic to reduce the risk of COVID-19 infection. Any changes in the COVID-19 pandemic could be subject to the CDPH reinstating certain public restrictive guidelines. The effect of any changes could have an uncertain impact on Discovery's financial position and net activities.

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 10 – LIQUIDITY AND AVAILABILITY

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

Total financial assets:	
Cash and cash equivalents	\$ 598,642
Investments	<u>1,899,184</u>
Financial assets, at year end	2,497,826
Less:	
Donor-imposed restrictions	<u>(301,181)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,196,645</u>

Discovery maintains a policy of structuring its financial assets to be available as general expenditures, liabilities, and other obligations come due.

In addition to financial assets available to meet general expenditures over the next 12 months, Discovery operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-imposed restrictions.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 28, 2022, the date the financial statements were available to be issued.