

DISCOVERY EYE FOUNDATION
FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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Guzman & Gray

Certified Public Accountants

4510 East Pacific Coast Highway, Suite 270
Newport Beach, California 90804
(562) 498-0997 Fax: (562) 597-7359

Mark Gray, C.P.A.
Patrick S. Guzman, C.P.A.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
Discovery Eye Foundation
Los Angeles, California

We have reviewed the accompanying financial statements of Discovery Eye Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Discovery Eye Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

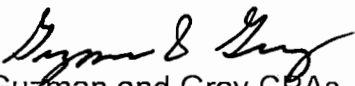
INDEPENDENT ACCOUNTANTS' REVIEW REPORT (Continued)

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2022 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2021 Financial Statements

The 2021 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated March 28, 2022. We have not performed any auditing procedures since that date.


Guzman and Gray CPAs
Long Beach, CA
April 12, 2023

DISCOVERY EYE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

| | December 31, | |
|------------------------------------|-------------------------|-------------------------|
| | <u>2022</u> | <u>2021</u> |
| Cash and Cash Equivalents | \$ 410,330 | \$ 598,642 |
| Investments | 1,936,527 | 1,899,184 |
| Property and Equipment, net | 8,093 | 13,165 |
| Operating Lease Right of Use Asset | <u>16,339</u> | |
| TOTAL ASSETS | <u>\$ 2,371,289</u> | <u>\$ 2,510,991</u> |

LIABILITIES AND NET ASSETS

| | | |
|--------------------------------------|-------------------------|-------------------------|
| LIABILITIES | | |
| Accounts Payable | \$ 1,634 | \$ 950 |
| Accrued Liabilities | 15,974 | 5,071 |
| Operating Lease Liability | 16,226 | |
| TOTAL LIABILITIES | <u>33,834</u> | <u>6,021</u> |
| NET ASSETS | | |
| Without Donor Restrictions | 2,117,258 | 2,203,789 |
| With Donor Restrictions | <u>220,197</u> | <u>301,181</u> |
| TOTAL NET ASSETS | <u>2,337,455</u> | <u>2,504,970</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,371,289</u> | <u>\$ 2,510,991</u> |

See Independent Accountants' Review Report and Notes to Financial Statements.

DISCOVERY EYE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|----------------------------------|-------------------------------|---------------------|
| REVENUE, SUPPORT, AND GAINS | | | |
| Contributions | \$ 204,854 | \$ 248,425 | \$ 453,279 |
| Grants | 19,999 | 40,842 | 60,841 |
| Investment Return, net | (114,337) | | (114,337) |
| | 110,516 | 289,267 | 399,783 |
| Net Assets Released from Restrictions | 370,251 | (370,251) | - |
| TOTAL REVENUE, SUPPORT, AND GAINS | 480,767 | (80,984) | 399,783 |
| EXPENSES | | | |
| Program Services | 454,700 | | 454,700 |
| Management and General | 96,393 | | 96,393 |
| Fundraising | 16,205 | | 16,205 |
| TOTAL EXPENSES | 567,298 | | 567,298 |
| CHANGE IN NET ASSETS | (86,531) | (80,984) | (167,515) |
| NET ASSETS, BEGINNING OF YEAR | 2,203,789 | 301,181 | 2,504,970 |
| NET ASSETS, END OF YEAR | <u>\$ 2,117,258</u> | <u>\$ 220,197</u> | <u>\$ 2,337,455</u> |

See Independent Accountants' Review 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 |
| | 576,150 | 460,942 | 1,037,092 |
| Net Assets Released from Restrictions | 531,720 | (531,720) | - |
| TOTAL REVENUE, SUPPORT, AND GAINS | 1,107,870 | (70,778) | 1,037,092 |
| EXPENSES | | | |
| Program Services | 564,044 | | 564,044 |
| Management and General | 82,774 | | 82,774 |
| Fundraising | 18,486 | | 18,486 |
| TOTAL EXPENSES | 665,304 | | 665,304 |
| 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 Accountants' Review Report and Notes to Financial Statements.

DISCOVERY EYE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

| | | Supporting Services | | |
|-------------------------------------|---------------------|---------------------------|-------------|-------------------|
| | Program Services | Management and General | Fundraising | Total Expenses |
| Salaries | \$ 40,526 | \$ 17,308 | \$ 10,996 | \$ 68,830 |
| Employee Benefits | 4,866 | 2,062 | 1,319 | 8,247 |
| Payroll Taxes | 3,874 | 1,641 | 1,051 | 6,566 |
| Total Salaries and Related Expenses | 49,266 | 21,011 | 13,366 | 83,643 |
| Gifts Contributed | 265,300 | | | 265,300 |
| Outside Services | 87,629 | 25,305 | 2,839 | 115,773 |
| Supplies | 50,633 | | | 50,633 |
| Professional fees | 499 | 13,138 | | 13,637 |
| Office Expense | 160 | 15,201 | | 15,361 |
| Insurance | | 4,901 | | 4,901 |
| Postage and Delivery | | 3,783 | | 3,783 |
| Advertising and Promotion | | 655 | | 655 |
| Bank Charges and Credit Card Fees | 72 | 2,175 | | 2,247 |
| Meals | | 295 | | 295 |
| Permits, Licenses, and Other Taxes | | 1,719 | | 1,719 |
| Dues and Subscriptions | 882 | 98 | | 980 |
| Telephone | 259 | 3,040 | | 3,299 |
| Expenses Before Depreciation | 454,700 | 91,321 | 16,205 | 562,226 |
| Depreciation | | 5,072 | | 5,072 |
| Total Expenses | \$ 454,700 | \$ 96,393 | \$ 16,205 | \$ 567,298 |

See Independent Accountants' Review Report and Notes to Financial Statements.

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

| | | Supporting Services | | |
|-------------------------------------|---------------------|---------------------------|-------------|-------------------|
| | Program Services | Management and General | Fundraising | Total Expenses |
| 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 |
| 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 Accountants' Review Report and Notes to Financial Statements.

DISCOVERY EYE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | December 31, | |
|---|-------------------|-------------------|
| | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (167,515) | \$ 371,788 |
| Adjustments to Reconcile Change in Net Assets to Net Cash | | |
| Provided by (Used for) Operating Activities: | | |
| Depreciation | 5,072 | 5,190 |
| Unrealized/Realized Loss (Gain) on Investments | 162,660 | (282,642) |
| (Increase) Decrease in Assets: | | |
| Operating Lease Right of Use Asset | (16,339) | |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | 684 | 950 |
| Accrued Liabilities | 10,903 | (104) |
| Operating Lease Liability | 16,226 | |
| NET CASH FROM OPERATING ACTIVITIES | <u>11,691</u> | <u>95,182</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Investments | (484,639) | (95,853) |
| Proceeds from Sale of Investments | 284,636 | 308,920 |
| Dividends and Interest Reinvestments | | (43,873) |
| NET CASH FROM INVESTING ACTIVITIES | <u>(200,003)</u> | <u>169,194</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (188,312) | 264,376 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>598,642</u> | <u>334,266</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 410,330</u> | <u>\$ 598,642</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| Interest Paid | <u>None</u> | <u>None</u> |
| Income Taxes Paid | <u>None</u> | <u>None</u> |

See Independent Accountants' Review Report and Notes to Financial Statements.

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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, 2022 AND 2021

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 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, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

A summary of significant revenue recognition policies is as follows:

Contributions and Grants

Contributions and grants 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 and grants 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 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, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

Effective January 1, 2022, Discovery adopted FASB ASC 842, Leases. Discovery determines if an arrangement contains a lease at inception based on whether Discovery has the right to control the asset during the contract period and other facts and circumstances. The adoption of FASB ASC 842 did not have a material impact on the Discovery's statement of activities or cash flows.

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. During the year, Discovery adopted ASU 2020-07 which did have an effect on Discovery's 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.

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

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

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, 2022 and 2021:

Cash and cash investments: Measured at their net asset value and are classified within Level 1.

Equities: 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, 2022:

| | Total | Level 1 | Level 2 | Level 3 |
|---------------------------|---------------------|---------------------|---------|---------|
| Cash and Cash Investments | \$ 3,085 | \$ 3,085 | | |
| Equities | 1,933,442 | 1,933,442 | | |
| Total | <u>\$ 1,936,527</u> | <u>\$ 1,936,527</u> | | |

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> | | |

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 4 – INVESTMENTS

Investments consist of the following at December 31, 2022:

| | Cost | Unrealized Gain | Fair Value |
|---------------------------|---------------------|--------------------|---------------------|
| Cash and Cash Investments | \$ 3,085 | | \$ 3,085 |
| Equities | 1,318,185 | \$ 615,257 | 1,933,442 |
| Total | <u>\$ 1,321,270</u> | <u>\$ 615,257</u> | <u>\$ 1,936,527</u> |

Investments consist of the following at December 31, 2021:

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

Net investment return consists of the following for the years ended December 31, 2022 and 2021:

| | 2022 | 2021 |
|---------------------------------|---------------------|-------------------|
| Dividends and Interest | \$ 48,323 | \$ 43,903 |
| Unrealized/Realized (Loss) Gain | (162,660) | 282,642 |
| Investment Fees | | (382) |
| Total | <u>\$ (114,337)</u> | <u>\$ 326,163</u> |

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022 and 2021:

| | 2022 | 2021 |
|--------------------------------|-----------------|------------------|
| Equipment | \$ 227,532 | \$ 227,532 |
| Less: Accumulated Depreciation | (219,439) | (214,367) |
| Total | <u>\$ 8,093</u> | <u>\$ 13,165</u> |

Depreciation expense for the years ended December 31, 2022 and 2021, totaled \$5,072 and \$5,190, respectively.

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 6 – LEASING ACTIVITIES

Discovery has an operating lease of office equipment which commenced on August 15, 2022 and expiring on August 15, 2027. The operating lease right-of-use asset was \$17,630 on August 15, 2022.

The following summarizes the line items in the statement of financial position which includes amounts for operating lease at December 31, 2022:

| | |
|--------------------------------------|------------------|
| Operating lease right-of-use asset | <u>\$ 16,339</u> |
| Lease liability, current portion | \$ 3,382 |
| Lease liability, non-current portion | <u>12,844</u> |
| Total operating lease liabilities | <u>\$ 16,226</u> |

The following summarizes the weighted average remaining lease term and discount rate at December 31, 2022:

| | |
|---------------------------------------|-------------------|
| Weighted Average Remaining Lease Term | |
| Operating lease | <u>4.62 years</u> |
| Weighted Average Discount Rate | |
| Operating lease | <u>1.5%</u> |

The maturities of lease liabilities are as follows at December 31, 2022:

| <u>Year Ending December 31,</u> | |
|------------------------------------|------------------|
| 2023 | \$ 3,600 |
| 2024 | 3,600 |
| 2025 | 3,600 |
| 2026 | 3,600 |
| 2027 | <u>2,400</u> |
| Total lease payments | 16,800 |
| Less: Interest | <u>(574)</u> |
| Present value of lease liabilities | <u>\$ 16,226</u> |

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 6 – LEASING ACTIVITIES (continued)

The following summarizes the line items in the statement of activities which include the components of lease expense for the year ended December 31, 2022:

| | |
|----------------------|-----------------|
| Operating lease cost | <u>\$ 1,462</u> |
|----------------------|-----------------|

The following summarizes cash flow information related to leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of
lease liabilities:

| | |
|--|-----------------|
| Operating cash flows from operating leases | <u>\$ 1,500</u> |
|--|-----------------|

Lease assets obtained in exchange for lease obligations:

| | |
|------------------|-----------------|
| Operating leases | <u>\$ 1,405</u> |
|------------------|-----------------|

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2022 and 2021:

| | 2022 | 2021 |
|------------------------------|-------------------|-------------------|
| Macular Degeneration | \$ 2,859 | \$ 96,979 |
| Keratoconus Research | 44,977 | 59,164 |
| Glaucoma | 38,044 | 65,163 |
| Hampar/Allegro Research | 12,714 | 19,007 |
| Research Education/Gavin | 11,000 | 1,000 |
| Director's Fund | 52,050 | 37,343 |
| Retinal Regeneration Project | 10,500 | |
| Kimberly/Kenney | 47,447 | 21,925 |
| TAP | 600 | 600 |
| Retinol Vitreous Project | 6 | |
| Total | <u>\$ 220,197</u> | <u>\$ 301,181</u> |

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended December 31, 2022 and 2021:

| | 2022 | 2021 |
|-------------------------------|-------------------|-------------------|
| Macular Degeneration | \$ 138,890 | \$ 71,374 |
| Glaucoma | 104,444 | |
| Mitochondria Research | 37,592 | 238,964 |
| Keratoconus Research | 52,780 | 50,603 |
| Hampar/Allegro Research | 6,293 | 16,002 |
| Director's Fund | 22,793 | 116 |
| Diabetic Retinopathy Research | | 1,102 |
| Kimberly/Kenney | 7,459 | 2,407 |
| TAP | | 50,000 |
| COVID19 | | 101,152 |
| | <u>\$ 370,251</u> | <u>\$ 531,720</u> |

NOTE 8 – 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, 2022 and 2021 totaled \$1,440 and \$1,432, respectively, and are included in employee benefits in the accompanying statements of functional expenses.

NOTE 9 – 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.

DISCOVERY EYE FOUNDATION
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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 | \$ 410,330 |
| Investments | <u>1,936,527</u> |
| Financial assets, at year end | 2,346,857 |
| Less: | |
| Donor-imposed restrictions | <u>(220,197)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 2,126,660</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 April 12, 2023, the date the financial statements were available to be issued.