RestoringVision

Financial Statements

December 31, 2019 and 2018

BPM

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BPM

600 California Street, Suite 600, San Francisco, CA 94108

Phone (415) 421-5757 **Fax** (415) 288-6288 **Email** bpm@bpmcpa.com **Web** bpmcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
RestoringVision
San Rafael, California

We have audited the accompanying financial statements of RestoringVision (a nonprofit organization; the "Organization"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BPM LLP

San Francisco, California
August 28, 2020

RESTORINGVISION

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash	$ 1,127,405	$ 1,045,880
Pledges receivable	51,999	47,128
Inventory	1,828,783	1,559,951
Prepaid expenses	10,084	5,181
Total assets	$ 3,018,271	$ 2,658,140
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	$ 261,369	$ 143,922
Total liabilities	261,369	143,922
Net assets:		
Without donor restrictions:		
Operations	926,119	954,267
Contributed inventory	1,828,783	1,559,951
Total without donor restrictions	2,754,902	2,514,218
With donor restrictions	2,000	-
Total net assets	2,756,902	2,514,218
Total liabilities and net assets	$ 3,018,271	$ 2,658,140

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

RESTORINGVISION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenue and support:						
Contributed inventory	$ 1,449,376	$ -	$ 1,449,376	$ 554,452	$ -	$ 554,452
Contributions	784,379	92,000	876,379	679,544	162,500	842,044
Program income	433,598	-	433,598	428,799	-	428,799
Contributed use of facilities	80,000	-	80,000	80,000	-	80,000
Contributed services	43,056	-	43,056	6,436	-	6,436
Interest income	714	-	714	653	-	653
Net assets released from restrictions	90,000	(90,000)	-	162,500	(162,500)	-
Total revenue and support	2,881,123	2,000	2,883,123	1,912,384	-	1,912,384
Expenses:						
Program	2,086,126	-	2,086,126	2,171,212	-	2,171,212
General and administrative	309,350	-	309,350	197,644	-	197,644
Fundraising	244,963	-	244,963	180,750	-	180,750
Total expenses	2,640,439	-	2,640,439	2,549,606	-	2,549,606
Change in net assets	240,684	2,000	242,684	(637,222)	-	(637,222)
Net assets, beginning of year	2,514,218	-	2,514,218	3,151,440	-	3,151,440
Net assets, end of year	$ 2,754,902	$ 2,000	$ 2,756,902	$ 2,514,218	$ -	$ 2,514,218

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

RESTORINGVISION

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31, 2019 and 2018

	For the Year Ended December 31, 2019				For the Year Ended December 31, 2018			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Expenses:								
Salaries and related expenses	$ 301,451	$ 130,935	$ 175,800	$ 608,186	$ 136,328	$ 99,451	$ 169,529	$ 405,308
Freight and shipping supplies	76,498	-	-	76,498	77,591	-	-	77,591
Contract services	103,810	90,665	15,539	210,014	69,930	71,271	7,200	148,401
Production services	81,826	-	-	81,826	110,970	-	-	110,970
Travel and meetings	18,974	15,460	19,680	54,114	34,947	15,078	2,687	52,712
Other	43,232	29,234	33,944	106,410	41,893	5,408	1,334	48,635
Total expenses	625,791	266,294	244,963	1,137,048	471,659	191,208	180,750	843,617
Contributed expenses:								
Inventory awarded	1,380,335	-	-	1,380,335	1,619,553	-	-	1,619,553
Contributed use of facilities	80,000	-	-	80,000	80,000	-	-	80,000
Contributed services	-	43,056	-	43,056	-	6,436	-	6,436
Total contributed expenses	1,460,335	43,056	-	1,503,391	1,699,553	6,436	-	1,705,989
	$ 2,086,126	$ 309,350	$ 244,963	$ 2,640,439	$ 2,171,212	$ 197,644	$ 180,750	$ 2,549,606

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

RestoringVision

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 242,684	$ (637,222)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributed inventory	(1,449,376)	(554,452)
Inventory awarded	1,380,335	1,619,553
Changes in operating assets and liabilities:		
Inventory	(199,791)	(152,622)
Pledges receivable	(4,871)	(30,751)
Prepaid expenses	(4,903)	(5,181)
Accounts payable and accrued liabilities	117,447	130,922
Net cash provided by operating activities	81,525	370,247
Net change in cash	81,525	370,247
Cash, beginning of year	1,045,880	675,633
Cash, end of year	$ 1,127,405	$ 1,045,880

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

1. Organization

RestoringVision (the "Organization") is a California nonprofit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The Organization is dedicated to providing new reading glasses and sunglasses for charitable partners distributing glasses to communities in need around the world. The Organization's funding is from contributions from corporations, foundations and individuals.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net assets are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions represent resources that are not subject to donor-imposed restrictions and are available to support all activities of the Organization. Net assets with donor restrictions represent contributions whose use by the Organization is limited in accordance with the restrictions imposed by donors. These restrictions may expire when the stipulated time has passed or may be satisfied by the actions of the Organization according to the stipulations made by the donors.

Revenue Recognition

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or specific purpose 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.

Program Income

Program income consists of fees paid by charitable partners for glasses to distribute to those in need. Charitable partners pay an average of $0.50 per pair of glasses to cover sorting, packing, and shipping. These fees are typically paid at the time of the transaction and when the point in time performance obligation is satisfied.

Inventory

Inventory consists of new reading glasses and sunglasses and is recorded at the average cost of $0.50 per pair of glasses. Contributed glasses are also recorded at the average cost per pair, which is the estimated fair value.

Contributed Use of Facilities

The Organization receives free or discounted use of facilities from third parties. A contribution is recognized as revenue in the period the use of facilities is received, regardless of whether the Organization could afford to pay rent for the facilities. On May 13, 2019, the Organization entered into an agreement for storage in a commercial warehouse. The term is for one year and will automatically renew until canceled for successive one year terms upon expiration of the initial term. The Organization was previously on a month to month agreement.

Continued

2. Summary of Significant Accounting Policies, continued

Contributed Services

Donated services are only recognized as in-kind contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Contributions from services are recognized at fair value. A contribution is recognized as revenue in the period the use of services is received, regardless of whether the Organization could afford to pay for the services.

Functional Expense Allocations

The indirect costs associated with program activities have been allocated on a functional basis. Certain expenses, such as salaries and related expenses, contract services, and travel and meetings are allocated among program and administrative expenses based on estimates of time and use made by the Organization's management and consistently applied.

Shipping and Handling Costs

Shipping and handling costs paid by partners for inventory are included in program income and costs. This process is done through the Organization's website, with checkout including shipping costs specific to the related order.

Income Taxes

The Organization is a nonprofit organization exempt from income tax under Section 501(c)(3) of the IRC and Section 23701(d) of the Revenue and Taxation Code of the State of California. The Organization has been determined by the Internal Revenue Service ("IRS") to be a public charity within the meaning of Section 509(a) of the IRC. However, income from certain activities not directly related to the Organization's tax-exempt purpose could be subject to taxation as unrelated business income

Use of Estimates

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

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-18"). ASU 2018-18 modifies the accounting for contributions to make it more clear in distinguishing whether grants or contracts should be accounted for as non-reciprocal contributions, or as exchange transactions that follow revenue recognition accounting. For exchange transactions, the standard clarifies when each party directly receives commensurate value in the transaction, and how to deal with third party payers to a transaction. Additionally, the criteria for determining whether a contribution is conditional has been changed from a probability-based approach to one focused on barriers in an arrangement.

Continued

2. Summary of Significant Accounting Policies, continued

Change in Accounting Principle, continued

The changes in this standard are likely going to result in more transactions being treated as conditional contributions, including those that were previously considered earned revenue as exchange transactions. ASU 2018-18 is effective for annual financial statements issued for fiscal years beginning after December 15, 2018, with early adoption permitted. Effective January 1, 2019, the Organization adopted ASU 2018-08 using the modified retrospective method. The Organization evaluated the effect of the standard and concluded that the application of the standard does not have a material effect on the financial statements as of December 31, 2019.

In May 2014, as part of its ongoing efforts to assist in the convergence of U.S. GAAP and International Financial Reporting Standards ("IFRS"), the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The ASU provides alternative methods of initial adoption and will become effective for private companies for annual periods beginning after December 15, 2018. The new revenue standard is required to be applied retrospectively to each prior reporting period presented or prospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. Effective January 1, 2019, the Organization adopted ASU 2014-09 using the modified retrospective method. The Organization evaluated the effect of the standard and concluded that the application of the standard does not have a material effect that would require retrospective adjustment.

3. Liquidity and Availability

As of December 31, 2019 and 2018, the Organization has financial assets available to meet cash needs for general expenditures within one year as follows:

	2019	2018
Cash	$ 1,127,405	$ 1,045,880
Pledges receivable	51,999	47,128
Financial assets available to meet cash needs for general expenditures within one year	$ 1,179,404	$ 1,093,008

The Organization has a goal to maintain financial assets sufficient to meet one year of ongoing operating expenses, which currently approximate $1,000,000. As part of its liquidity management, the Organization invests cash in excess of daily requirements in a savings account. The Organization has no lines of credit.

4. Concentrations of Credit Risk

Cash

Cash accounts are maintained at one financial institution. Cash is maintained in bank deposit accounts that may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts.

Contributions

For the year ended December 31, 2019, 39% of contributions came from three donors. For the year ended December 31, 2018, 51% of contributions came from two donors.

Contributed Inventory

For the year ended December 31, 2019, 89% of contributed inventory came from one corporate donor. For the year ended December 31, 2018, 98% of contributed inventory came from one corporate donor.

5. Net Assets

Net assets with donor restrictions consisted of the following at December 31, 2019:

Time restriction	$ 2,000
Total	$ 2,000

Net assets were released from donor restrictions by satisfying the stipulations for the following restricted purpose during the year ended December 31, 2019:

Purchase of 75,000 pairs of glasses and performance of evaluation study	$ 90,000
Total	$ 90,000

Net assets were released from donor restrictions by satisfying the stipulations for the following restricted purpose during the year ended December 31, 2018:

Purchase of 250,000 pairs of glasses	$ 162,500
Total	$ 162,500

Continued

6. Retirement Plan

The Organization has a deferred compensation plan under the provisions of Section 401(k) of the IRC. All employees are eligible to participate and participants can choose to deduct and contribute a portion of their salaries within IRS limits and guidelines. The Organization matches up to 4% of participant deferrals and may at the discretion of the Board of Directors contribute additional monies under a profit sharing provision of the plan for employees with at least 500 hours of service.

The Organization made contributions of $12,629 and $8,446 for the years ended December 31, 2019 and 2018, respectively, under this plan.

7. Subsequent Events

Public health concerns such as contagious disease outbreaks, natural disasters, or similar events, may catastrophically affect businesses. Since January 2020, there has been an occurrence and threat of an extraordinary event from the COVID-19 virus epidemic. In March 2020, the epidemic was categorized as a pandemic by the World Health Organization and a National Emergency by the President of the United States. State and federal limits on the size of gatherings and stay-at-home orders in effect for weeks and potentially for months followed by uncertainties regarding the timing of safe physical contact with people and surfaces outside the home are expected to affect travel and mission trips that provide glasses to those in need, as well as the potential economic impact on donors.

This may result in decreases to revenue and cash flow, or increased exposure to substantial liability. The longer the pandemic lasts and the public health orders stay in effect, the more significant and lasting would the negative effects likely be. At this time though there is limited information about the actual effects of this subsequent event.

In May 2020, the Organization successfully secured a $103,359 Small Business Association ("SBA") loan under the Payroll Protection Program ("PPP") to secure payroll expenses for otherwise furloughed employees impacted by government imposed shelter in place orders. Per the terms of the loan, the full amount will be forgiven as long as loan proceeds are used to cover eligible payroll costs and other specified non-payroll costs (provided any non-payroll costs do not exceed 40% of the forgiven amount) over a certain period after the loan is made; and employee and compensation levels are maintained. However, the terms and conditions of the PPP and the loan obtained thereunder are still subject to change. The Organization will utilize the loan with caution in order to maximize the forgivable portion of the loan.

In accordance with accounting standards affecting disclosure of subsequent events, the Organization evaluated subsequent events for recognition and disclosure through August 28, 2020, the date which these financial statements were available to be issued. Management concluded that no additional material subsequent events have occurred since December 31, 2019 that require recognition or disclosure in the financial statements.