



**SURGICAL EYE EXPEDITIONS
INTERNATIONAL, INC.
(DBA SEE INTERNATIONAL)**

FINANCIAL STATEMENTS

**December 31, 2020
(with Independent Auditors' Report Thereon)**



To Board of Directors
Surgical Eye Expeditions International, Inc.
SEE International
Santa Barbara, California

We have audited the accompanying financial statements of Surgical Eye Expeditions International, Inc. (a California nonprofit organization), DBA SEE International, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgment, 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 Surgical Eye Expeditions International, Inc. as of December 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Surgical Eye Expeditions International, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stoltey & Associates

November 10, 2021
Los Olivos, California

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2020
(with comparative totals for 2019)

	Without Donor Restriction	With Donor Restriction	2020 Total	2019 Total
Current Assets:				
Cash and cash equivalents	\$ 711,466	\$ 147,536	\$ 859,002	\$ 817,166
Investments (Note 3)	483,555	-	483,555	3,204,763
Contributions receivable (Note 2)	-	10,000	10,000	-
Other receivables	-	-	-	1,518
Prepaid expenses and other assets	222,630	-	222,630	197,907
Medical supplies inventory	2,189,771	-	2,189,771	1,673,261
Total Current Assets	3,607,422	157,536	3,764,958	5,894,615
Noncurrent Assets:				
Security deposits	25,000	-	25,000	25,000
Investments held for endowment purposes (Note 3)	12,621,221	127,583	12,748,804	11,428,808
Property and Equipment (Note 5)	434,684	-	434,684	504,218
Total Assets	\$ 16,688,327	\$ 285,119	\$ 16,973,446	\$ 17,852,641
Current Liabilities:				
Accounts payable and accrued expenses	\$ 232,263	\$ -	\$ 232,263	\$ 215,248
Loans payable - PPP loan (note 12)	325,785	-	325,785	-
Total Current Liabilities	558,048	-	558,048	215,248
Net Assets:				
Without Donor Restriction:				
Undesignated	3,509,058	-	3,509,058	6,154,723
Board designated - endowment (Notes 6 and 8)	12,621,221	-	12,621,221	11,338,799
With Donor Restriction				
Time restricted for future period (Note 7)	-	10,000	10,000	-
Purpose restrictions (Note 7)	-	147,536	147,536	53,862
Endowment (Notes 6 and 7)	-	127,583	127,583	90,009
Total Net Assets	16,130,279	285,119	16,415,398	17,637,393
Total Liabilities and Net Assets	\$ 16,688,327	\$ 285,119	\$ 16,973,446	\$ 17,852,641

See accompanying notes

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020
(with comparative totals for 2019)

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2020 Total</u>	<u>2019 Total</u>
Public Support:				
Donated medical services (Note 9)	\$ 31,969,752	\$ -	\$ 31,969,752	\$ 101,610,454
Donated medical supplies and equipment	6,818,258	-	6,818,258	17,224,323
In-kind donations - other	5,950	-	5,950	6,487
Contributions	1,529,652	396,850	1,926,502	3,392,446
Memberships	10,000	-	10,000	77,751
Total Public Support	<u>40,333,612</u>	<u>396,850</u>	<u>40,730,462</u>	<u>122,311,461</u>
Special Events:				
Gross revenue	-	-	-	9,145
Costs of direct benefit to participant	-	-	-	(993)
Net Special Events	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,152</u>
Other Revenue (Losses):				
Program service revenue	5,960	-	5,960	28,485
Loss on disposal of assets	(611)	-	(611)	-
Investment income	1,238,866	37,574	1,276,440	2,373,722
Total Other Revenue (Losses)	<u>1,244,215</u>	<u>37,574</u>	<u>1,281,789</u>	<u>2,402,207</u>
Total Public Support, Special Event and Revenue	<u>41,577,827</u>	<u>434,424</u>	<u>42,012,251</u>	<u>124,721,820</u>
Net Assets Released From Restriction	<u>293,176</u>	<u>(293,176)</u>	<u>-</u>	<u>-</u>
Expenses:				
International clinics	38,373,500	-	38,373,500	118,767,758
Education	222,515	-	222,515	247,893
Santa Barbara Vision Care	1,381,022	-	1,381,022	1,406,329
United States - Domestic	142,582	-	142,582	565,894
Total Program Services	<u>40,119,619</u>	<u>-</u>	<u>40,119,619</u>	<u>120,987,874</u>
Management and General	857,729	-	857,729	935,389
Fundraising	2,256,898	-	2,256,898	1,038,414
Total Expenses	<u>43,234,246</u>	<u>-</u>	<u>43,234,246</u>	<u>122,961,677</u>
Change in Net Assets	(1,363,243)	141,248	(1,221,995)	1,760,143
Net Assets at Beginning of Year	<u>17,493,522</u>	<u>143,871</u>	<u>17,637,393</u>	<u>15,877,250</u>
Net Assets at End of Year	<u>\$ 16,130,279</u>	<u>\$ 285,119</u>	<u>\$ 16,415,398</u>	<u>\$ 17,637,393</u>

See accompanying notes

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC
STATEMENT OF FUNCTIONAL EXPENSE
December 31, 2020
(with comparative totals for 2019)

	Program Services				Support Services		Totals		
	International Clinics	Education	SB Vision Care	United States - Domestic	Total Program	Management and General	Fund-Raising	2020	2019
Donated medical services	\$ 31,717,330	\$ -	\$ 247,827	\$ 4,595	\$ 31,969,752	\$ -	\$ -	\$ 31,969,752	\$ 101,610,455
Donated medical supplies	5,592,988	-	672,796	-	6,265,784	-	5,950	6,271,734	17,124,762
Depreciation	133,251	7,536	28,409	6,505	175,701	11,341	5,670	192,712	181,568
Conferences and meetings	17,695	6,895	379	2,015	26,984	2,295	16,552	45,831	148,512
Clinics and programs	48,425	16,250	3,959	-	68,634	-	-	68,634	123,427
Information technology	49,989	10,149	13,389	5,729	79,256	17,581	62,089	158,926	102,259
Insurance	18,026	1,918	10,933	3,955	34,832	20,010	3,781	58,623	48,952
Marketing and promotion	-	-	-	-	-	-	1,511,015	1,511,015	310,013
Medical supplies	115,603	12,837	18,852	1,014	148,306	-	-	148,306	355,771
Miscellaneous	1,647	3,108	887	449	6,091	10,651	45,996	62,738	50,768
Occupancy	159,927	27,526	60,741	22,794	270,988	109,026	38,824	418,838	378,448
Office expenses	16,883	2,871	3,682	1,216	24,652	25,349	10,951	60,952	85,643
Payroll taxes	30,227	7,366	20,105	5,670	63,368	35,900	34,355	133,623	142,315
Pension	12,118	2,888	7,970	2,336	25,312	14,930	12,976	53,218	53,758
Personnel benefits	46,151	4,913	21,438	10,123	82,625	57,255	9,677	149,557	140,508
Personnel compensation	402,489	99,482	268,974	76,101	847,046	474,552	455,047	1,776,645	1,829,485
Legal	173	18	38	80	309	5,481	212	6,002	8,625
Accounting	-	-	-	-	-	22,500	-	22,500	22,500
Outside services	6,498	11,775	-	-	18,273	50,501	39,604	108,378	144,808
Travel	4,080	6,983	643	-	11,706	357	4,199	16,262	99,100
Totals - 2020	\$ 38,373,500	\$ 222,515	\$ 1,381,022	\$ 142,582	\$ 40,119,619	\$ 857,729	\$ 2,256,898	\$ 43,234,246	
Totals - 2019	\$ 118,767,758	\$ 247,893	\$ 1,406,329	\$ 565,894	\$ 120,987,874	\$ 935,389	\$ 1,038,414		\$ 122,961,677

See accompanying notes

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020
(with comparative totals for 2019)

	2020	2019
Cash Flows from Operating Activities:		
Change in net assets	\$ (1,221,995)	\$ 1,760,142
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	192,712	181,568
Unrealized loss (gain) on investments	(1,103,641)	(1,982,373)
Realized loss (gain) on investments	(15,319)	(79,040)
Loss on disposal of assets	611	-
(Increase) decrease in:		
Pledges receivable	(10,000)	36,900
Other receivables	1,518	(1,518)
Inventory	(516,510)	(143,023)
Prepaid expenses and other assets	(24,723)	(76,888)
Increase (decrease) in:		
Accounts payable and accrued expenses	17,015	(12,195)
Net Cash Flows From Operating Activities	(2,680,332)	(316,427)
Cash Flows From Investing Activities:		
Purchase of equipment	(123,789)	(108,149)
Purchase of investments	(2,363,358)	(3,707,862)
Proceeds from sale of investments	4,883,530	4,609,648
Net Cash Flows From Investing Activities	2,396,383	793,637
Cash Flows From Financing Activities:		
Proceeds from issuance of note payable	325,785	-
Net Cash Flows From Financing Activities	325,785	-
Net Change in Cash	41,836	477,210
Cash at Beginning of Year	817,166	339,956
Cash at Ending of Year	\$ 859,002	\$ 817,166
Supplemental Cash Flow Information		
Noncash donations of medical services	\$ 31,969,752	\$ 101,610,454
Noncash donations of medical supplies and equipment	\$ 6,818,258	\$ 17,224,323

See accompanying notes

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

Notes to Financial Statements

Note 1: **Summary of Significant Accounting Policies**

This summary of significant accounting policies of Surgical Eye Expeditions International, Inc. (SEE) is presented to assist in understanding the SEE financial statements. The financial statements and notes are representations of SEE management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Nature of Activities

Surgical Eye Expeditions International, Inc. is a humanitarian nonprofit Corporation organized under the laws of the State of California to provide:

Eye Surgery

Volunteer eye surgeons provide free ophthalmic surgery to the blind and visually impaired of all ages. Primary focus is placed on life enhancing surgical procedures such as cataract, corneal transplant, and strabismus surgery

Public Education

SEE disseminates information to the public concerning eye care, sight and agencies available to assist with vision related problems.

Skills Enhancement

SEE presents skill enhancement programs and educational seminars for ophthalmic surgeons, surgical nurses and technicians.

Applied Research and Development

As part of SEE's program, it conducts applied research to generate, test, and evaluate technology and procedures for program improvement, and to disseminate information to aid in epidemiological studies and vision related statistics.

Ancillary Service

SEE expands the ophthalmic data bank of human and in-kind resources to support and amplify prevention of blindness projects through prophylactic screening and surgery programs.

SEE recruits, coordinates and deploys volunteer eye surgical teams and the necessary surgical supplies to provide free sight restoring surgery to the disadvantaged blind in the United States and throughout the world.

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

Notes to Financial Statements

In addition to the direct service of sight restoring surgery, SEE also assists in updating and enhancing the surgical skills of ophthalmologists in developing countries.

SEE's office and warehouse facilities are located in Goleta, California.

Prior-Year Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but are not presented by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with SEE's financial statements for the year ended December 31, 2019 from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand, cash in banks, and cash in money market funds.

Contributions Receivable

SEE initially records and subsequently carries unconditional contributions receivable at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

Inventory

Inventory consists of purchased and donated medical supplies and instruments. Purchased inventory items are recorded at the lesser of cost or market value, and donated inventory items are recorded at their estimated value at the date of the donation or current market value.

Fixed Assets

SEE records fixed asset additions over \$1,000 at cost, or if donated, at fair value on the date of donation. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. Management has estimated the useful lives of depreciable assets as follows:

- Office Furniture and Equipment 5-7 years
- Surgical Equipment 5 years

SEE reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

Notes to Financial Statements

carrying value exceeds the fair value of the asset. Management has determined there were no indicators of asset impairment during the year ended December 31, 2020.

Investments

SEE 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 statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment management expenses.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions are reported as net assets without donor restriction. The governing Board has designated, from net assets without donor restrictions, net assets for a quasi-endowment.

Net Assets with Donor Restrictions

Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

SEE 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 statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Exchange Transactions

Program service revenue is recognized as service is performed. All services are transferred at a point in time.

Contributions

SEE recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

Notes to Financial Statements

return, are not recognized until the conditions on which they depend have been substantially met. Consequently, at December 31, 2020, contributions approximating \$325,785, have not been recognized in the accompanying statement of activities because the conditions on which they depend has not yet been met.

Donated Services and In-Kind Contributions

Volunteerism and contributed services are critical to SEE. Donated professional services and supplies pass through SEE to its charitable beneficiaries. Due to the number of countries in which clinics are held, the conditions where the surgeries are performed, the fact that surgeons on a team may originate from any of a number of developed countries, the complex array of donated surgical supplies and the many foreign currency translations required, it is difficult to determine a precise valuation for donated services. For these reasons, estimates of values are used. Surgical Eye Expeditions International, Inc. has selected the United States Medicare hospital outpatient reimbursement rates for surgeries and facilities usage for each procedure performed anywhere in the world. SEE reports gifts of donated services as unrestricted support and expense.

SEE reports donated medical supplies at estimated fair value at the date of the contribution. SEE reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used at the estimated fair market value on the date gift is received.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$1,511,015 during the year ended December 31, 2020.

Functional Expenses

The cost of providing SEE programs and other activities is summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Expenses that are attributed to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The expenses allocated are as follows:

Information Technology	Time and Effort
Insurance – Property	Square Footage
Insurance – Workers Compensation	Time and Effort
Occupancy	Square Footage
Office Expenses	Time and Effort
Payroll Taxes	Time and Effort
Personnel Compensation	Time and Effort

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

Notes to Financial Statements

Tax Exempt Status

SEE is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3) and qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi) and has been determined not to be a private foundation under IRC Section 509(a)(2). SEE is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, SEE is subject to tax on income that is derived from business activities that are unrelated to its exempt purpose. Management has determined SEE is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

SEE tax filings are subject to examination by the IRS, generally for three years after they are filed. SEE is not aware of any activities that would jeopardize its tax-exempt status.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, SEE's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. SEE management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates. Significant estimates used in the preparation of these financial statements include:

- Allocation of functional expenses
- Fair value of donated medical services
- Fair value of donated medical supplies

Reclassifications

Certain items in the 2019 financial statements were reclassified in order to conform to the 2020 presentation.

Change in Accounting Principle

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09 (Topic 606). The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. SEE retrospectively implemented ASU 2014-09 during the year ended December 31, 2020 with no significant impact on the financial position of SEE.

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08 (Topic 958),

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

Notes to Financial Statements

Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The update addresses the complexity and understandability of whether a transaction should be accounted for as contributions or exchanges. In addition, the update introduced the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. SEE retrospectively implemented ASU 2018-08 during the year ended December 31, 2020 with no significant impact on the financial position of SEE.

COVID-19 Impact on Financial Position and Results

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world.

Management is closely monitoring its liquidity and is actively working to minimize the impact of the pandemic. The extent of the impact of COVID-19 on SEE's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the SEE's employees, vendors, and program participants, all of which at present, cannot be determined.

Accordingly, the extent to which COVID-19 may impact SEE's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Subsequent Events

Management has evaluated subsequent events through November 10, 2021, the date that the financial statements were available to be issued. Management has determined that no event requiring disclosure or significantly impacting disclosures has occurred.

Note 2: Contributions Receivable

Unconditional contributions receivable are estimated to be collected in the year ending December 31, 2021. No fair market value adjustments have been made to the value of contributions receivable.

Note 3: Fair Value Measurements and Disclosures

SEE reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

Notes to Financial Statements

participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that SEE 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, SEE 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 management’s assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of SEE’s investment assets are classified within Level 1 as they are comprised of common stock, exchange traded funds and open-end mutual funds, with readily determinable fair values based on daily redemption values.

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using net asset value per share as a practical expedient as identified in the following, at December 31, 2020:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Temporary Cash	\$ 736,605	\$ 736,605	\$ -	\$ -
Mutual Funds–				
Equities	2,426,652	2,426,652	-	-
Fixed Income	511,053	511,053	-	-
Common Stocks	2,335,924	2,335,924	-	-
Exchange				
Traded Funds	7,222,125	7,222,125	-	-
	<u>13,232,359</u>	<u>13,232,359</u>	<u>-</u>	<u>-</u>

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

Notes to Financial Statements

Note 4: Liquidity and Availability

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

Operating cash and cash Equivalents without donor restrictions	\$ 859,002
Operating Investments	483,555
Contributions receivable	10,000
Endowment spending-rate distributions and appropriations	<u>450,000</u>
Total	<u>\$ 1,802,557</u>

SEE Endowment funds consist of Board Designated and donor restricted endowments which are subject to an annual spending policy as described in Note 6.

Note 5: Fixed Assets

Fixed Assets at December 31, 2020 are summarized by major classifications as follows:

Office Furniture and Equipment	\$ 335,617
Medical Equipment	<u>1,267,529</u>
	1,603,146
Less Accumulated Depreciation	<u>(1,168,462)</u>
Fixed Assets, Net	<u>\$ 434,684</u>

Depreciation expense for the year ended December 31, 2020 and 2019 was \$192,711 and \$181,569, respectively.

Note 6: Endowment Funds

SEE's Endowment (the Endowment) consists of donor and non-donor restrictions and was established for the specific purpose of long-term stability and ensuring the continuance of the mission of SEE. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of SEE has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the Donor-Restricted Endowment Funds absent explicit donor stipulations to the contrary. At December 31, 2020, there were no such donor stipulations. As a result of this interpretation, SEE retains in perpetuity (a) the original value of initial and subsequent gift amount (including contributions receivable at fair value donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

Notes to Financial Statements

expenditure by SEE in a manner consistent with the standard of prudence prescribed by UPMIFA. SEE considers the following factors in making a determination to appropriate or accumulate Donor-Restricted Endowment Funds:

- The duration and preservation of the fund
- The purposes of SEE and the fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of SEE
- The investment policies of SEE

Funds with Deficiencies

From time to time, certain Donor-Restricted Endowment Funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). SEE has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2020, there were no endowment funds underwater.

Changes in Endowment Net Assets for the year ended December 31, 2020 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>
Endowment Net Assets, Beginning of Year	\$ 11,338,799	\$ 90,009
Contributions	396,850	-
Investment income	1,338,741	37,574
Draw per Spending Policy	<u>(453,169)</u>	<u>-</u>
Endowment Net Assets, End of Year	<u>\$ 12,621,221</u>	<u>\$ 127,583</u>

Investment and Spending Policies

Endowment funds may be appropriated for expenditure in amounts not to exceed, on an annual basis, four percent of the endowment's total average value for the preceding calendar year. The Board of Directors may, at its own discretion, appropriate for expenditure an amount that exceeds the four percent threshold.

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

Notes to Financial Statements

Note 7: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purpose or periods:

Restrictions:

Santa Barbara Vision Care	\$ 38,415
International program	92,707
US domestic program	7,500
Equipment	8,914
Restricted for time	10,000
	<u>\$ 157,536</u>

Endowments:

Subject to Endowment Policy and Appropriation:

General Endowment	\$ 67,791
Permanent in nature	59,792
	<u>\$ 127,583</u>

Note 8: Board Designated Net Assets

At December 31, 2020 the Board of Directors has designated \$12,621,221 of net assets without donor restrictions as a quasi-endowment which is subject to the spending policy described in note 6.

Note 9: Donated Medical Services

2020 Donated Services

The value of \$31,969,752 includes 17,666 surgeries and 35,580 eye examinations performed on expeditions or with consumable surgical supplies or with capital equipment provided by SEE International.

2019 Donated Services

The value of \$101,610,454 includes 55,345 surgeries and 91,640 eye examinations performed on expeditions or with consumable surgical supplies or with capital equipment provided by SEE International.

The number of surgeries is based upon information provided directly by the surgeon performing the surgeries. The surgeries are valued at U.S. Medicare reimbursement rate for surgeons and facilities usage.

Note 9: Employee Benefits

SEE maintains a defined contribution retirement plan for eligible employees. The plan is a qualified retirement plan under IRC Section 401(a). Contributions to the plan by SEE are discretionary. Contributions to the plan for the year ended December 31, 2020 were \$53,217.

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

Notes to Financial Statements

SEE pays all administrative costs of the above plan.

Note 10: Customer and Credit Risk Concentrations

SEE manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, SEE has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by SEE and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of SEE.

SEE maintains bank account at a local financial institution. The deposits at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash balances held in brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000 per institution. From time-to-time cash held during the year exceeded the insured thresholds. At December 31, 2020 SEE held \$457,000 of cash deposits in excess of FDIC insurance limits.

Note 11: Lease Commitments

SEE leases office and warehouse space located in Goleta, California. The lease term initiated on April 1, 2018 and will expire on May 31, 2023. The lease terms require a monthly base rent of \$17,921 with schedule annual increases of 3%. In addition, the lease agreement requires SEE to pay monthly building operating expenses of approximately \$6,000.

SEE is obligated to make the following payments under the lease:

	<u>Minimum Lease Payment</u>	<u>Estimated Common Area Payment</u>	<u>Total</u>
2021	\$ 233,282	\$ 72,000	\$ 305,282
2022	240,280	72,000	312,280
2023	80,681	24,000	104,681
Totals	<u>\$ 554,243</u>	<u>\$ 168,000</u>	<u>\$ 722,243</u>

Note 12: Loan Payable – PPP Loan

During the year ended December 31, 2020, SEE applied for and was approved a \$325,785 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration.

SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

Notes to Financial Statements

The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. Subsequent to December 31, 2020 SEE applied for and was granted forgiveness of 100% of the loan. The balance of the loan at December 31, 2020 was \$325,785.