

VIZAVANCE
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
For the Year Ended June 30, 2018

VIZAVANCE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Vizavance

Report on the Financial Statements

We have audited the accompanying financial statements of Vizavance, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, 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.

Auditor's 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 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 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 Vizavance, as of June 30, 2018, 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.

A handwritten signature in cursive script that reads 'Arledge & Associates, P.C.'.

September 24, 2018

VIZAVANCE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

ASSETS

Current assets:

Cash and cash equivalents	\$	281,219
Contributions receivable		<u>5,473</u>
Total current assets		<u>286,692</u>
Investments		3,222,768
Property and equipment, net		6,449
Other assets		<u>432</u>

TOTAL ASSETS	\$	<u><u>3,516,341</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$	6,470
Accrued vacation payable		<u>26,925</u>
Total current liabilities		<u>33,395</u>

NET ASSETS

Unrestricted	2,822,746
Temporarily restricted	160,200
Permanently restricted	<u>500,000</u>
Total net assets	<u>3,482,946</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>3,516,341</u></u>
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The accompanying notes are an integral part of these financial statements.

VIZAVANCE

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2018

	Unrestricted	Temporarily restricted	Permanently restricted	Total
SUPPORT AND REVENUE				
Contributions	\$ 87,608	\$ -	\$ -	\$ 87,608
Special events, net of direct costs	143,759	-	-	143,759
Combined service campaign	238	-	-	238
Program service revenue	110,386	-	-	110,386
Net investment income	101,210	25,850	-	127,060
Realized and unrealized gains (losses) on investments	2,364	5,265	-	7,629
Other	266,565	-	-	266,565
Net assets released from restriction	153,482	(153,482)	-	-
TOTAL SUPPORT AND REVENUE	865,612	(122,367)	-	743,245
EXPENSES				
Program services				
Public health education	199,995	-	-	199,995
Professional education and training	226,639	-	-	226,639
Community services	291,877	-	-	291,877
Total program services	718,511	-	-	718,511
Supporting services				
General and administrative	35,526	-	-	35,526
Fundraising	53,371	-	-	53,371
Total supporting services	88,897	-	-	88,897
TOTAL EXPENSES	807,408	-	-	807,408
Change in net assets	58,204	(122,367)	-	(64,163)
Net assets at beginning of period	2,764,542	282,567	500,000	3,547,109
Net assets at end of period	\$ 2,822,746	\$ 160,200	\$ 500,000	\$ 3,482,946

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

VIZAVANCE

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended June 30, 2018

	Program services				Supporting services			Total
	Public health education	Professional education and training	Community services	Total	General and administrative	Fundraising	Total	
Salaries	\$ 110,830	\$ 125,595	\$ 161,748	\$ 398,173	\$ 19,687	\$ 29,576	\$ 49,263	\$ 447,436
Employee benefits	16,214	18,374	23,663	58,251	2,880	4,327	7,207	65,458
Payroll taxes	8,791	9,962	12,830	31,583	1,562	2,346	3,908	35,491
Total payroll and related expenses	135,835	153,931	198,241	488,007	24,129	36,249	60,378	548,385
Accounting fees	5,678	6,434	8,286	20,398	1,009	1,515	2,524	22,922
Other professional fees	1,385	1,569	2,021	4,975	246	370	616	5,591
Office supplies	4,818	5,460	7,032	17,310	856	1,286	2,142	19,452
Telephone	2,973	3,369	4,339	10,681	528	793	1,321	12,002
Postage and shipping	551	625	805	1,981	98	147	245	2,226
Building occupancy	10,199	11,558	14,884	36,641	1,812	2,722	4,534	41,175
Office equipment maintenance	1,381	1,565	2,015	4,961	245	369	614	5,575
Printing and publications	1,863	2,111	2,718	6,692	331	497	828	7,520
Travel and meetings	17,525	19,860	25,577	62,962	3,113	4,677	7,790	70,752
Insurance	3,059	3,467	4,465	10,991	543	816	1,359	12,350
Other	9,220	10,449	13,456	33,125	1,638	2,460	4,098	37,223
Total expenses before depreciation	194,487	220,398	283,839	698,724	34,548	51,901	86,449	785,173
Depreciation of building and equipment	5,508	6,241	8,038	19,787	978	1,470	2,448	22,235
Total expenses	\$ 199,995	\$ 226,639	\$ 291,877	\$ 718,511	\$ 35,526	\$ 53,371	\$ 88,897	\$ 807,408

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

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STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (64,163)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	22,235
Net realized and unrealized gains on investment	(7,629)
Change in current assets and liabilities:	
Contributions receivable	47
Other assets	(282)
Accounts payable	634
Accrued vacation	<u>(4,037)</u>
Net cash provided by operating activities	<u>(53,195)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales of investments	63,263
Purchases of investments	<u>(127,060)</u>
Net cash provided by investing activities	<u>(63,797)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	(116,992)
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CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>398,211</u>
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CASH AND CASH EQUIVALENTS, END OF PERIOD	<u><u>\$ 281,219</u></u>
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The accompanying notes are an integral part of these financial statements.

VIZAVANCE

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Vizavance is a nonprofit corporation organized for the purpose of advancing children's education through better vision. Vizavance fulfills their mission through public and professional education, vision screening training and certification, patient service programs, public policy advocacy, and research in Oklahoma. Vizavance's principal sources of revenue are public support contributions from foundations and corporations; net revenue from fundraising events; and investment income.

Background of Organization – Oklahoma Society to Prevent Blindness doing business as Prevent Blindness Oklahoma (now Vizavance), was originally an affiliate organization of the national organization, National Society to Prevent Blindness and Affiliates. During 2016, the Prevent Blindness Oklahoma Board of Directors determined that the mission of Prevent Blindness Oklahoma and the mission of the national organization were not in alignment. Because of this, Prevent Blindness Oklahoma decided to disaffiliate from the national organization, like many other state affiliates have recently done, and become their own independent nonprofit corporation in hopes that they can focus more on their mission which has a wider impact on the local community. Upon disaffiliation, Prevent Blindness Oklahoma changed its name to Vizavance. The official disaffiliation date was August 11, 2016.

Basis of Accounting - The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, utilizing the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Vizavance and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that require them to be maintained permanently by Vizavance. Generally, the donors of these assets permit Vizavance to use all or part of the income earned on any related investments for general or specific purposes.

Public Support and Revenue – Public support and revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time year has elapsed) are reported as reclassifications between applicable classes of net assets.

VIZAVANCE

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Public Support and Revenue (cont'd) - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at net realizable value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

Contributions without donor imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same year as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Revenue from government grant agreements is recognized as it is earned through expenditure in accordance with the agreement. Revenue from program service fees is recognized when the service is completed.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash on hand, cash in banks and money-market funds.

Vizavance maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. Vizavance has not experienced any losses in such accounts. Vizavance believes it is not exposed to any significant credit risk on cash.

Investments – Vizavance reports investments at fair values. Gains and losses on investments are reported in the statement of activities as increases or decreases in net assets. Interest and dividend income is recorded on the accrual basis. Realized gains and losses are determined based on specific identification of securities sold.

Vizavance's investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statement of financial position.

Income Taxes – The Internal Revenue Service has informed Vizavance that it is a tax-exempt organization as provided in Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, are exempt from federal and state income taxes. No provision has been made for income taxes in the accompanying financial statements for the year ended June 30, 2018, as Vizavance has had no significant unrelated business income.

Vizavance's application of accounting principles generally accepted in the United States of America regarding uncertain tax positions had no effect on its financial position as management believes they have no material unrecognized uncertain tax positions, including any potential risk of loss of its not-for-profit tax status. Vizavance would account for any potential interest or penalties to possible futures liabilities for unrecognized income tax benefits as income tax expense. With limited exceptions, Vizavance is no longer subject to examination by federal, state or local tax authorities for years before 2015.

Functional Expenses – The costs of providing the program and support services have been reported on a functional basis in the statement of activities. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

VIZAVANCE

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Upcoming Accounting Changes – In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized 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. The new guidance will be effective for Vizavance’s year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance using one of two retrospective methods. Vizavance has not yet determined which application method it will use or the potential effects of the new standard on the financial statement, if any.

In August 2016, the Financial Accounting Standards Board issued ASU No. 2016-14 *Not-for-Profit Entities (Topic 958)*. This update will affect reporting requirements related to net asset classes, cash flow presentation, liquidity and expense information, among other disclosures. The new guidance will be effective for Vizavance’s year ending June 30, 2019. The ASU permits application of the new not-for-profit guidance to be applied on a retrospective basis in the year that the ASU is first applied. Vizavance has not yet determined the potential effects of the new standard on the financial statements, if any.

Property and Equipment – Property and equipment in excess of \$5,000 are capitalized at cost. Depreciation and amortization are computed on a straight-line basis over the estimated lives of the assets, generally using a three to seven-year life for personal property. When fixed assets are sold or retired, the cost of the asset and related accumulated depreciation are removed from the accounts and the resulting gains or losses are recognized as revenue or expenses.

Additions and improvements that extend the useful lives of the assets are capitalized. Expenditures for repairs and maintenance are expensed as incurred.

2. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles (“GAAP”) define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a three-level hierarchy for measuring fair value.

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NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2018

2. FAIR VALUE MEASUREMENTS (Cont'd)

The fair value hierarchy for valuation inputs gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable. An entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities are used for determining the fair value of the assets or liabilities.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. Vizavance's assessment of significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Vizavance's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the beginning of the reporting year. During the year ended June 30, 2018, there were no such transfers.

The following table summarizes Vizavance's financial assets measured at fair value on the recurring basis as of June 30, 2018, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

		<u>Level 1</u>
Cash	\$	212,078
Money market funds		<u>69,141</u>
Total cash & equivalents		281,219
Investments:		
Mutual funds - fixed income		1,034,384
Mutual funds - equity securities		<u>2,188,384</u>
Total Investments		3,222,768
Total	\$	<u><u>3,503,987</u></u>

On the statement of activities and changes in net assets, net investment income amounts are reported net of related expenses of \$19,506 for the year ended June 30, 2018.

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NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2018

3. PROPERTY, PLANT & EQUIPMENT

Vizavance's property and equipment consisted of the following as of June 30, 2018:

Equipment	\$ 329,092
Furniture & Fixtures	22,000
Software	<u>8,147</u>
Total property and equipment	359,239
Less: accumulated depreciation	<u>(352,790)</u>
Property and equipment, net	<u>\$ 6,449</u>

Depreciation expense was \$22,235 for the year.

4. COMMITMENT

Vizavance entered into an agreement to lease office space for seven years beginning July 16, 2016. The future lease payments under the agreement are as follows:

<u>Fiscal Year</u>	
2019	\$ 23,431
2020	23,626
2021	24,211
2022	24,406
2023	<u>6,101</u>
	<u>\$ 101,775</u>

5. EMPLOYEE BENEFIT PLAN

Vizavance offers a defined contribution plan to substantially all employees who meet the eligibility requirements of age and length of service. Total contributions under the plan were \$11,162 for the year ended June 30, 2018.

6. TEMPORARILY RESTRICTED NET ASSET BALANCES

Temporarily restricted net assets consist of gifts and other unexpended resources restricted for research and other program support as of June 30, 2018. Some of the gifts and unexpended resources restricted for research and other program support are also restricted for time.

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NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2018

7. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of donor-restricted endowment funds of \$500,000 as of June 30, 2018.

8. ENDOWMENTS

Vizavance's endowments consist of two individual funds established for a variety of purposes, including vision screening, eye health education, safety, and general operations. One endowment is composed of donor-restricted funds while the remaining endowment is composed of funds designated by the Boards of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Boards of Directors to function as endowments, are classified and reported based on existence or absences of donor-imposed restrictions.

Interpretation of Relevant Law Subject to an Enacted Version of UPMIFA – The Board of Directors of Vizavance have interpreted the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the preservation of the real value of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, Vizavance classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts donated to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, Vizavance considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purpose of Vizavance and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of Vizavance
- 7) The investment policies of Vizavance

Return Objectives and Risk Parameters – Vizavance has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the real value of the endowment assets. Endowment assets include those assets of donor-restricted funds that Vizavance must hold in perpetuity or for a donor-specified year(s) as well as Board-designated funds. Vizavance expects its endowment funds, over time, to provide an average rate of return of approximately 6% - 7.5% annually. Actual returns in any given year may vary from this amount. At the discretion of the Board of Directors, Vizavance may take an annual distribution not to exceed 5% of the accumulated earnings of the fund earned during previous years while not invading original corpus contributed over the previous years.

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NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2018

8. ENDOWMENTS (Cont'd)

Spending Policy and How the Investment Objectives Relate to Spending Policy – Vizavance has two policies for appropriating for distribution part of its endowment fund's fair value.

1. Holding the original value of the gift in perpetuity while income earned can be used as designated by the donor
2. Specific fixed dollar appropriations

In establishing its policies, Vizavance considered the long-term expected return on its endowments.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, Vizavance relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Vizavance targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment net asset composition by type of fund as of June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ -	\$ 500,000	\$ 500,000
Board-Designated Endowment Funds	2,766,828	-	-	2,766,828
Total Funds	<u>\$ 2,766,828</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 3,266,828</u>

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NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2018

8. ENDOWMENTS (Cont'd)

Changes in endowment net assets for the year ended June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets - beginning of period	\$ 2,707,887	\$ 122,367	\$ 500,000	\$ 3,330,254
Investment return:				
Investment income	101,210	25,850	-	127,060
Net appreciation (realized and unrealized)	<u>2,364</u>	<u>5,265</u>	<u>-</u>	<u>7,629</u>
Total Investment Return	<u>103,574</u>	<u>31,115</u>	<u>-</u>	<u>134,689</u>
Appropriations of endowment assets for expenditure	(167,000)	(31,115)	-	(198,115)
Other board designated releases	122,367	(122,367)	-	-
Endowment net assets - June 30, 2018	<u>\$ 2,766,828</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 3,266,828</u>

9. SUBSEQUENT EVENTS

Management of Vizavance has evaluated subsequent events through September 24, 2018, which is the date the financial statements were available to be issue.