

VisionSpring, Inc.

Consolidated Financial Statements

December 31, 2022



Independent Auditors' Report

**Board of Directors
VisionSpring, Inc.**

Opinion

We have audited the accompanying consolidated financial statements of VisionSpring, Inc. (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2022, and the consolidated 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.

We did not audit the consolidated financial statements of the four VisionSpring entities in India, identified in Note 1, whose statements in aggregate reflect 7% of total assets as of December 31, 2022 and 9% of total support and revenue for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the report of other auditors.

Basis for Opinion

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

Change in Accounting Policy

As discussed in Note 3 to the consolidated financial statements, the Organization adopted Financial Accounting Standards Board ("FASB") Topic 842, Leases, using the effective date method with January 1, 2022, as the date of initial adoption. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited VisionSpring, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 18 and 19 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our report and the report of other auditors, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

PKF O'Connor Davies, LLP

September 13, 2023

VisionSpring, Inc.

Consolidated Statement of Financial Position
December 31, 2022
(with comparative amounts at December 31, 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 21,075,657	\$ 9,925,177
Investments	3,759,514	38,703
Pledges receivable	3,722,953	4,863,783
Accounts and other receivables	1,035,073	905,409
Inventory	1,184,405	975,520
Intangible asset - software, net of accumulated amortization of \$191,676 and \$177,306	51,860	62,480
Other assets	361,920	294,393
Right of use asset	409,447	-
Property and equipment, net	526,080	534,250
	\$ 32,126,909	\$ 17,599,715
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,518,963	\$ 950,803
Deferred revenue	338,025	565,082
Refundable advance	-	200,000
Lease liability	432,278	-
Total Liabilities	2,289,266	1,715,885
 Net Assets		
Net assets without donor restrictions	28,007,340	14,043,063
Noncontrolling interest	387	395
	28,007,727	14,043,458
Net assets with donor restrictions	1,829,916	1,840,372
Total Net Assets	29,837,643	15,883,830
	\$ 32,126,909	\$ 17,599,715

See notes to consolidated financial statements

VisionSpring, Inc.

Consolidated Statement of Activities
Year Ended December 31, 2022
(with summarized totals for the year ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
SUPPORT AND REVENUE				
Contributions and grants	\$ 23,073,113	\$ 1,940,892	\$ 25,014,005	\$14,029,580
Earned income	940,095	-	940,095	1,910,662
Investment and other income	101,577	-	101,577	34,793
Released from restrictions	<u>1,951,348</u>	<u>(1,951,348)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>26,066,133</u>	<u>(10,456)</u>	<u>26,055,677</u>	<u>15,975,035</u>
EXPENSES				
Program	9,485,233	-	9,485,233	9,138,514
Management and general	1,441,973	-	1,441,973	1,455,088
Fundraising	<u>955,242</u>	<u>-</u>	<u>955,242</u>	<u>617,170</u>
Total Expenses	<u>11,882,448</u>	<u>-</u>	<u>11,882,448</u>	<u>11,210,772</u>
Change in Net Assets Before Foreign				
Currency Translation Loss	14,183,685	(10,456)	14,173,229	4,764,263
Foreign currency translation loss	<u>(219,416)</u>	<u>-</u>	<u>(219,416)</u>	<u>(29,423)</u>
Change in Net Assets	13,964,269	(10,456)	13,953,813	4,734,840
NET ASSETS				
Beginning of year	<u>14,043,458</u>	<u>1,840,372</u>	<u>15,883,830</u>	<u>11,148,990</u>
End of year	<u>\$ 28,007,727</u>	<u>\$ 1,829,916</u>	<u>\$ 29,837,643</u>	<u>\$15,883,830</u>

See notes to consolidated financial statements

VisionSpring, Inc.

Consolidated Statement of Functional Expenses Year Ended December 31, 2022 (with summarized totals for the year ended December 31, 2021)

	Program				Management and General	Fundraising	2022 Total	2021 Total
	India	Bangladesh	Global Partnerships	Total Program				
Salaries and wages	\$ 1,712,479	\$ 262,509	\$ 1,092,028	\$ 3,067,016	\$ 326,419	\$ 556,207	\$ 3,949,642	\$ 3,531,346
Grants	-	21,388	566,424	587,812	-	-	587,812	604,585
Payroll taxes and benefits	81,998	12,786	171,293	266,077	54,964	86,575	407,616	378,945
Glasses and accessories	873,047	150,531	561,298	1,584,876	-	-	1,584,876	1,438,104
Covid response equipment and supplies	177,546	1,297	-	178,843	-	-	178,843	1,377,694
Freight, shipping and warehousing	43,296	17,289	359,216	419,801	-	-	419,801	444,624
Professional fees and subcontractors	250,534	77,977	1,446,672	1,775,183	470,732	219,843	2,465,758	1,999,778
Travel and meals	495,729	78,863	207,835	782,427	85,324	63,957	931,708	422,708
Marketing	-	-	-	-	97,889	1,612	99,501	73,286
Printing	-	2,029	18,902	20,931	-	-	20,931	10,367
Information technology	12,224	3,885	188,142	204,251	45,014	15,184	264,449	311,370
Office	84,679	27,336	11,374	123,389	4,083	1,499	128,971	140,867
Repairs and maintenance	40,814	1,479	541	42,834	-	-	42,834	19,766
Rent and utilities	66,155	33,098	22,702	121,955	6,610	4,725	133,290	183,991
Depreciation and amortization	192,224	7,230	14,370	213,824	80,013	-	293,837	159,326
Insurance	33,783	9,615	18,775	62,173	16,171	2,256	80,600	56,305
Board meeting expenses	-	-	-	-	125,487	-	125,487	-
Bad debt	-	-	-	-	124,391	-	124,391	34,792
Interest expense	15,650	-	-	15,650	-	-	15,650	-
Miscellaneous	13,960	1,099	3,132	18,191	4,876	3,384	26,451	22,918
Total Expenses	<u>\$ 4,094,118</u>	<u>\$ 708,411</u>	<u>\$ 4,682,704</u>	<u>\$ 9,485,233</u>	<u>\$ 1,441,973</u>	<u>\$ 955,242</u>	<u>\$ 11,882,448</u>	<u>\$ 11,210,772</u>

See notes to consolidated financial statements

VisionSpring, Inc.

Consolidated Statement of Cash Flows Year Ended December 31, 2022 (with comparative amounts for the year ended December 31, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,953,813	\$ 4,734,840
Adjustments to reconcile change in net assets to net cash from operating activities		
Amortization of right of use asset	95,141	-
Paycheck Protection Program loan forgiveness	-	(208,139)
Donated stock	-	(7,678)
Depreciation and amortization	293,837	159,326
Bad debt expense	124,391	34,792
Change in operating assets and liabilities		
Pledges receivable	1,016,439	(3,078,819)
Accounts and other receivables	(129,664)	(244,727)
Inventory	(208,885)	(52,942)
Other assets	(67,527)	45,333
Accounts payable and accrued expenses	568,160	39,832
Deferred revenue	(227,057)	(215,759)
Refundable advance	(200,000)	(100,000)
Payment on leases payable	(72,310)	-
Net Cash from Operating Activities	15,146,338	1,106,059
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(271,297)	(339,355)
Proceeds from maturity of investments	38,703	73,274
Purchase of investments	(3,759,514)	(38,703)
Purchase of intangible asset - software	(3,750)	(5,000)
Net Cash from Investing Activities	(3,995,858)	(309,784)
Change in Cash and cash equivalents	11,150,480	796,275
CASH AND CASH EQUIVALENTS		
Beginning of year	9,925,177	9,128,902
End of year	\$ 21,075,657	\$ 9,925,177

See notes to consolidated financial statements

VisionSpring, Inc.

Notes to Consolidated Financial Statements
December 31, 2022

1. Organization

VisionSpring, Inc. (“VisionSpring”) is a not for profit organization established to create access to affordable eyewear for people earning less than \$4 per day in emerging and frontier markets. VisionSpring uses multiple distribution channels to deliver affordable, stylish, high-quality eyeglasses to poor and low income communities across the globe. VisionSpring aims to create replicable and scalable delivery methods to reach this customer-base with the eyeglasses they need to live full and productive lives.

- VisionSpring is a non-profit organization located in the United States whose principal activities are to distribute eyeglasses through wholesale channels and through vision access programs in Asia and Africa, which bring vision screening and eyeglass dispensing to rural communities, informal settlements, workplaces, schools and transportation hubs.
- VisionSpring India, VisionSpring Foundation and Vision Spring Society are non-profit organizations located in India. The accounts of these three not-for profit entities; and one for profit entity (Vision Spring Private Limited), also located in India, report their financial statements on a consolidated basis. The mission of these four entities is to conduct eye-screenings and/or provide eyeglasses to those who lack access to them. These entities also work on COVID response and relief, and on creating social impact on the poor, underprivileged, and underserved.
- VisionSpring Bangladesh Ltd. is a for profit entity incorporated in January 2019, whose principal activities are to distribute eyeglasses through wholesale channels and through vision access programs.

These consolidated financial statements entail VisionSpring, the four VisionSpring entities in India and VisionSpring Bangladesh Ltd. VisionSpring owns 99.99% of VisionSpring Private Limited but does not exercise control, 99.99% of VisionSpring India and 99.88% of VisionSpring Bangladesh Ltd.

VisionSpring, Inc. is exempt from federal income taxes pursuant to Section 501(c)(3) of the United States Internal Revenue Code and from state and local taxes under comparable laws.

Provision for taxation has not been made for VisionSpring India, VisionSpring Foundation and VisionSpring Society as these entities have been recognized and registered under section 12-A of the India, Income Tax Act 1961 as entities exempt from paying income tax. In addition, VisionSpring Private Limited has not made any profit and therefore no tax provision has been recorded. In accordance with the Bangladesh Income Tax Ordinance, the tax provision for VisionSpring Bangladesh Ltd. has been recorded at the actual advance income tax withheld.

2. Principles of Consolidation

These financial statements are prepared on a consolidated basis and include the accounts and activities of VisionSpring, Inc., VisionSpring entities in India, and VisionSpring Bangladesh Ltd. The consolidated entity is collectively referred to as the “Organization.” All intercompany transactions and balances have been eliminated in consolidation.

VisionSpring, Inc.

Notes to Consolidated Financial Statements
December 31, 2022

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated 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").

Adoption of New Accounting Policies

Leases

The Organization adopted Financial Accounting Standards Board ("FASB") Topic 842, Leases, using the effective date method with January 1, 2022, as the date of initial adoption.

As a result of the adoption of the new lease accounting guidance, on January 1, 2022, the Organization recognized a lease liability of \$504,588, that represents the present value of the remaining operating lease payments of \$550,428, discounted using an interest rate of 5.00% and a right-of-use asset ("ROU asset") of \$504,588.

Adoption of the standard had a material impact on the Organization's consolidated statement of financial position but did not have an impact on its consolidated statements of activities and cash flows. The most significant impact was the recognition of the ROU asset and lease liability for operating leases.

Contributed Nonfinancial Assets

In September 2020, FASB issued Accounting Standards Update 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) ("ASU 2020-07"), which is effective for fiscal years beginning after June 15, 2021, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. ASU 2020-07 requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Organization adopted and implemented this pronouncement on January 1, 2022. The adoption of ASU 2020-07 did not result in a material change to the financial statements for the years ended December 31, 2022 and 2021.

Non-Controlling Interest

The non-controlling interest represents the minority shareholders' interest in VisionSpring Bangladesh Ltd. and certain VisionSpring India entities.

Use of Estimates

The preparation of financial statements 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

VisionSpring, Inc.

Notes to Consolidated Financial Statements
December 31, 2022

3. Summary of Significant Accounting Policies *(continued)*

Net Asset Presentation

The classification of the Organization's net assets and its support, revenue and expenses is 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 represent resources that are not subject to donor-imposed restrictions.

Net assets with donor restrictions represent net assets subject to donor-imposed restrictions that expire by the passage of time, or actions of the Organization. When a donor's time-restriction expires or a purpose-restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all cash deposited with banks and short-term investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Investments

Investments, other than certificates of deposit are stated at cost plus accrued interest (which approximate fair value), are carried at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

All of the Organization's investments, other than certificates of deposit and temporary cash investments, bought, sold and held were valued using Level 1 inputs under the fair value hierarchy. Investments consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Measured at Fair Value		
Equity securities	\$ 29,408	\$ 38,703
Certificates of deposit		
at cost which approximates fair value:	<u>3,730,106</u>	<u>-</u>
Total Investments	<u>\$ 3,759,514</u>	<u>\$ 38,703</u>

Allowance for Doubtful Accounts

An allowance for doubtful accounts is established for amounts where there exists doubt as to whether an amount will be fully collected. The determination of this allowance is an estimate based on the Organization's historical experience, review of account balances and expectations relative to collections.

Inventory

Inventory consists of reading glasses, frames and cases, which are stated at the lower of cost or net realizable value, with cost being determined by the first-in, first-out method.

VisionSpring, Inc.

Notes to Consolidated Financial Statements
December 31, 2022

3. Summary of Significant Accounting Policies *(continued)*

Intangible Assets - Software

Intangible assets – software is carried at cost less accumulated amortization. Amortization is provided under the straight-line method over the estimated useful life of the intangible asset which is 5 years. The Organization has established a \$1,000 threshold above which intangible assets are capitalized.

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation and amortization. Depreciation and amortization is provided under the straight-line method over the estimated useful lives of the assets which range from 2 to 20 years. The Organization has established a \$100 threshold above which assets are capitalized.

Refundable Advance

Refundable advance represents funds received to support a program with a condition of repayment back to the funder when sales from the respective program equal the refundable advance.

Contributions and Grants

Contributions and grants received are recorded as with or without donor restrictions, depending on the existence of any donor restrictions. Contributions and grants with purpose or time restrictions are reported as increases in net assets with donor restrictions.

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received and are classified as with or without donor restrictions. Promises to give are recorded at net realizable value if expected to be collected in one year. Unconditional promises to give that are expected to be collected in the future years are recorded at the present value of those estimated future cash flows.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Earned Income

Earned income from the sale of eyeglasses and eye care products is recorded when the products are shipped to business customers or sold directly to end consumers.

VisionSpring, Inc.

Notes to Consolidated Financial Statements
December 31, 2022

3. Summary of Significant Accounting Policies *(continued)*

Earned Income (continued)

Earned income from consulting fees or terms of service contracts are recorded when the services are provided. Consulting and contract fees received in advance are reported in the accompanying consolidated statement of financial position as deferred revenue.

Accounts and other receivables as of January 1, 2021 totaled \$660,682. Deferred revenue as of January 1, 2021 totaled \$780,841.

Foreign Currency Translation

The Organization's functional currency is the United States Dollar. As such, assets and liabilities denominated in foreign currencies are translated at year-end exchange rates and revenue and expenses are translated at average exchange rates during the year. Gains and losses from foreign currency translation for the period are included in the consolidated statement of activities.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for 2022 and 2021 were \$99,501 and \$73,286.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses which can be identified with a specific program or support service are allocated directly according to their natural expenditure; these expenses include grants, glasses and accessories, personal protective equipment and freight and shipping. Costs that are common to several functions are allocated among the program and supporting services based on time and effort records, square footage, and estimates made by the Organization's management; these include salaries and wages, payroll taxes and benefits, professional fees and subcontractors, travel and meals, rent and utilities, and communications and information technology.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for the periods prior to 2019.

Prior Year Summarized Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended December 31, 2021, from which the summarized information was derived.

VisionSpring, Inc.

Notes to Consolidated Financial Statements
December 31, 2022

3. Summary of Significant Accounting Policies *(continued)*

Leases

As of January 1, 2022, the Organization leases office and warehouse space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU asset and lease liability on the accompanying consolidated statement of financial position.

ROU asset represents the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. When leases do not provide an implicit borrowing rate, the Organization uses borrowing or loan related interest rates based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease. When it is reasonably certain that the Organization will exercise that option, such amounts are included in ROU asset and lease liability. Lease expense for the lease payments is recognized on a straight-line basis of the lease term.

The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which is September 13, 2023.

4. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist principally of receivables which are expected to be collected in the normal course of business and cash on deposit with financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. At times cash balances may exceed the FDIC limit. As of December 31, 2022 and 2021, the Organization's uninsured cash balances on deposit page totaled approximately \$18,677,000 and \$7,530,000.

Cash held by foreign entities is not insured.

Approximately 72% and 19% of total support and revenue consists of contributions and grants derived from two grantors for the years ended December 31, 2022 and 2021. Pledges receivable from these grantors were approximately \$1,106,000 and \$1,574,000 as of December 31, 2022 and 2021.

VisionSpring, Inc.

Notes to Consolidated Financial Statements December 31, 2022

5. Receivables

Pledges receivable shown in the accompanying consolidated statement of financial position are all due within one year.

Accounts and other receivables consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
VisionSpring, Inc.	\$ 647,467	\$ 338,147
VisionSpring India	332,448	496,463
VisionSpring Bangladesh Ltd.	<u>55,158</u>	<u>70,799</u>
	<u>\$ 1,035,073</u>	<u>\$ 905,409</u>

6. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Machinery and equipment	\$ 818,097	\$ 688,983
Furniture and fixtures	182,650	167,881
Leasehold improvements	<u>1,017</u>	<u>-</u>
	1,001,764	856,864
Accumulated depreciation and amortization	<u>(475,684)</u>	<u>(322,614)</u>
	<u>\$ 526,080</u>	<u>\$ 534,250</u>

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows at December 31:

	<u>2022</u>	<u>2021</u>
RGIL/Bangladesh program costs	\$ 809,539	\$ 1,200,000
Clear Vision Collective Initiative	41,797	79,500
India program costs	-	33,000
Africa program costs	700,000	-
Patricia Sagna Memorial internship	50,431	-
Pharmacy Development	228,149	299,149
COVID Response	<u>-</u>	<u>228,723</u>
	<u>\$ 1,829,916</u>	<u>\$ 1,840,372</u>

VisionSpring, Inc.

Notes to Consolidated Financial Statements December 31, 2022

7. Net Assets with Donor Restrictions *(continued)*

Net assets released from donor restrictions as follows during the years ended December 31:

	2022	2021
India program costs	\$ 497,524	\$ 430,000
Clear Vision Collective Initiative	170,704	369,166
COVID Response	228,723	255,000
RGIL/Bangladesh program costs	678,828	200,000
Pharmacy Development	71,000	-
Africa program costs	300,000	-
Patricia Sagna Memorial internship	4,569	-
Eye Camp	-	25,000
	\$1,951,348	\$1,279,166

8. RGIL/Bangladesh Program Costs

In 2022 and 2021, VisionSpring invested in the RGIL program for Bangladesh by granting approximately \$566,000 and \$530,000. The investment contributed to the sale of eyeglasses and eyewear of approximately 218,000 units in 2022 and 141,000 units in 2021.

9. Pension Plan

VisionSpring has a defined contribution plan for its employees. Under this plan, VisionSpring matches 100% up to 4% of compensation. VisionSpring contributed \$26,557 and \$38,966 for 2022 and 2021.

VisionSpring India has a contribution plan for certain employees. Under this plan, VisionSpring India contributes up to 12% of compensation. VisionSpring India contributed \$39,318 and \$28,739 for 2022 and 2021.

10. Commitments

In February 2015, VisionSpring entered into a five-year non-cancelable lease for office space. The lease ended in May 2020, and upon its expiration, the landlord allowed VisionSpring to occupy the premises on a month to month basis through February 2021 at a monthly rate of approximately \$5,600. Subsequently, VisionSpring elected to vacate the office space.

VisionSpring India entered into two five year leases, one cancelable for office space and another non-cancelable for warehouse space. The lease on the warehouse expired in December 2020.

VisionSpring amortizes the operating lease right-of-use asset over the remaining life of the lease agreements. The right-of-use asset consists of the following at December 31, 2022:

Right of use asset-operating leases	\$	504,588
Less: accumulated amortization		(95,141)
	\$	409,447

VisionSpring, Inc.

Notes to Consolidated Financial Statements December 31, 2022

10. Commitments *(continued)*

The aggregate of the lease commitments under operating leases requiring future annual minimum payments are as follows for years ending December 31:

2023	\$ 107,698
2024	113,207
2025	112,106
2026	114,789
2027	<u>14,667</u>
Total Undiscounted Lease Payments	462,467
Less: imputed interest	<u>(30,189)</u>
Present Value of Lease Payments	<u><u>\$ 432,278</u></u>

Rent expense for the above operating leases is calculated on a straight-line basis over the term of the respective leases. Rent expense was approximately \$133,000 and \$184,000 for 2022 and 2021.

Supplemental cash flow information related to operating leases was as follows for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of operating lease liabilities	\$ 87,961
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ROU assets recognized upon adoption of new lease guidance	\$ 504,588
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11. Liquidity and Availability of Financial Assets

The Organization's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the consolidated statement of financial position were as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 21,075,657	\$ 9,925,177
Investments	3,759,514	38,703
Pledges and grants receivable	3,722,953	4,863,783
Accounts and other receivables	<u>1,035,073</u>	<u>905,409</u>
Total Financial Assets	29,593,197	15,733,072
Less donor restricted for purpose	(1,829,916)	(1,840,372)
Add donor restricted to be released next year	<u>1,829,916</u>	<u>1,840,372</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 29,593,197</u></u>	<u><u>\$ 15,733,072</u></u>

VisionSpring, Inc.

Notes to Consolidated Financial Statements December 31, 2022

11. Liquidity and Availability of Financial Assets *(continued)*

As part of the Organization's liquidity management strategy, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Organization's working capital and cash flows have cyclical variations during the year attributable to cash receipts of contributions and grants from donors and earned income. As a result, general expenditures over the next twelve months are supported through contributions, grants and contractual commitments from corporate partners.

12. Contingencies

VisionSpring India received a notice from the Reserve Bank of India ("RBI") for violating FEMA provision i.r.o. and delay in allotment of shares against share application money. VisionSpring India made a payment of approximately \$38,000 in March 2022. Management and legal counsel have concluded that no further fees or penalties will be owed as a result of this violation.

13. Non-Controlling Interest

The change in non-controlling interest for the years ended December 31, 2022 and 2021 was as follows:

Balance as of December 31, 2020	\$ 453
Share of income (loss)	<u>(58)</u>
Balance as of December 31, 2021	395
Share of income (loss)	<u>(8)</u>
Balance as of December 31, 2022	<u>\$ 387</u>

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VisionSpring, Inc.

Supplementary Financial Information

December 31, 2022

VisionSpring, Inc.

Consolidating Schedule of Financial Position
December 31, 2022

	VisionSpring, Inc.	VisionSpring India	VisionSpring Bangladesh Ltd.	Eliminating Entries	Total
ASSETS					
Cash and cash equivalents	\$ 20,204,900	\$ 797,821	\$ 72,936	\$ -	\$ 21,075,657
Investments	3,854,592	23,206	-	(118,284)	3,759,514
Pledges receivable	3,722,953	-	-	-	3,722,953
Accounts and other receivables	647,467	332,448	55,158	-	1,035,073
Inventory	666,067	435,382	82,956	-	1,184,405
Intangible asset - software, net	51,860	-	-	-	51,860
Other assets	49,867	278,601	33,452	-	361,920
Right of use asset	-	409,447	-	-	409,447
Property and equipment, net	75,771	420,385	29,924	-	526,080
	<u>\$ 29,273,477</u>	<u>\$ 2,697,290</u>	<u>\$ 274,426</u>	<u>\$ (118,284)</u>	<u>\$ 32,126,909</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	\$ 851,583	\$ 564,464	\$ 102,916	\$ -	\$ 1,518,963
Deferred revenue	338,025	-	-	-	338,025
Lease liability	-	432,278	-	-	432,278
Total Liabilities	<u>1,189,608</u>	<u>996,742</u>	<u>102,916</u>	<u>-</u>	<u>2,289,266</u>
Net Assets					
Without donor restrictions	26,253,953	1,700,548	171,510	(118,284)	28,007,727
With donor restrictions	1,829,916	-	-	-	1,829,916
Total Net Assets	<u>28,083,869</u>	<u>1,700,548</u>	<u>171,510</u>	<u>(118,284)</u>	<u>29,837,643</u>
	<u>\$ 29,273,477</u>	<u>\$ 2,697,290</u>	<u>\$ 274,426</u>	<u>\$ (118,284)</u>	<u>\$ 32,126,909</u>

See independent auditors' report

VisionSpring, Inc.

Consolidating Schedule of Activities

Year Ended December 31, 2022

	VisionSpring, Inc.			VisionSpring India	VisionSpring Bangladesh Ltd.	Eliminating Entries	Total
	Without Donor Restrictions	With Donor Restrictions	Total				
SUPPORT AND REVENUE							
Contributions and grants	\$ 21,568,589	\$ 1,940,892	\$ 23,509,481	\$ 3,913,760	\$ 65,764	\$ (2,475,000)	\$ 25,014,005
Earned income	524,641	-	524,641	300,756	713,746	(599,048)	940,095
Investment and other income	70,628	-	70,628	31,931	(982)	-	101,577
Released from restrictions	1,951,348	(1,951,348)	-	-	-	-	-
Total Support and Revenue	<u>24,115,206</u>	<u>(10,456)</u>	<u>24,104,750</u>	<u>4,246,447</u>	<u>778,528</u>	<u>(3,074,048)</u>	<u>26,055,677</u>
EXPENSES							
Program							
India	2,405,601	-	2,405,601	4,163,517	-	(2,475,000)	4,094,118
Bangladesh	1,307,459	-	1,307,459	-	-	(599,048)	708,411
Global partnerships	<u>4,397,382</u>	-	<u>4,397,382</u>	-	<u>285,322</u>	-	<u>4,682,704</u>
Total Program	8,110,442	-	8,110,442	4,163,517	285,322	(3,074,048)	9,485,233
Management and general	985,980	-	985,980	-	455,993	-	1,441,973
Fundraising	<u>955,242</u>	-	<u>955,242</u>	-	-	-	<u>955,242</u>
Total Expenses	<u>10,051,664</u>	-	<u>10,051,664</u>	<u>4,163,517</u>	<u>741,315</u>	<u>(3,074,048)</u>	<u>11,882,448</u>
Change in Net Assets Before Foreign Currency Translation Loss	14,063,542	(10,456)	14,053,086	82,930	37,213	-	14,173,229
Foreign currency translation loss	-	-	-	(186,406)	(33,010)	-	(219,416)
Change in Net Assets	<u>14,063,542</u>	<u>(10,456)</u>	<u>14,053,086</u>	<u>(103,476)</u>	<u>4,203</u>	-	<u>13,953,813</u>
NET ASSETS							
Beginning of year	<u>12,190,411</u>	<u>1,840,372</u>	<u>14,030,783</u>	<u>1,804,024</u>	<u>167,307</u>	<u>(118,284)</u>	<u>15,883,830</u>
End of year	<u>\$ 26,253,953</u>	<u>\$ 1,829,916</u>	<u>\$ 28,083,869</u>	<u>\$ 1,700,548</u>	<u>\$ 171,510</u>	<u>\$ (118,284)</u>	<u>\$ 29,837,643</u>

See independent auditors' report