



**Financial Statements  
For the Year Ended  
December 31, 2023**





## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Surgical Eye Expeditions International, Inc.

### **Opinion**

We have audited the accompanying financial statements of Surgical Eye Expeditions, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Surgical Eye Expeditions, Inc. as of December 31, 2023, 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.

### **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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Surgical Eye Expeditions, Inc. 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.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements, including omissions, 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 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 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 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 Surgical Eye Expeditions, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Surgical Eye Expeditions, Inc.'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 Surgical Eye Expeditions, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Stoltey & Associates*

Orcutt, California

October 7, 2024

**SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2023**  
**(with comparative totals for 2022)**

	Without Donor Restriction	With Donor Restriction	2023 Total	2022 Total
Current Assets:				
Cash and cash equivalents	\$ 312,054	\$ -	\$ 312,054	\$ 213,230
Investments (Note 3)	402,153	-	402,153	446,217
Contributions receivable (Note 2)	-	96,307	96,307	-
Government grants receivable - ERTC	-	-	-	698,879
Other receivables	1,500	-	1,500	4,511
Prepaid expenses and other assets	45,629	-	45,629	74,612
Medical supplies inventory	1,277,115	-	1,277,115	785,754
Total Current Assets	<u>2,038,451</u>	<u>96,307</u>	<u>2,134,758</u>	<u>2,223,203</u>
Noncurrent Assets:				
Security deposits	8,676	-	8,676	25,000
Cash restricted for long term use	-	587,269	587,269	414,527
Investments held for endowment purposes (Note 3)	9,312,406	206,271	9,518,677	8,657,014
Right of use assets	266,239	-	266,239	-
Property and Equipment (Note 5)	161,340	-	161,340	185,969
Total Assets	<u>\$ 11,787,112</u>	<u>\$ 889,847</u>	<u>\$ 12,676,959</u>	<u>\$ 11,505,713</u>
Current Liabilities:				
Accounts payable and accrued expenses	\$ 129,235	\$ -	\$ 129,235	\$ 508,463
Total Current Liabilities	<u>129,235</u>	<u>-</u>	<u>129,235</u>	<u>508,463</u>
Noncurrent Liabilities:				
Lease obligations	282,515	-	282,515	-
Total Liabilities	<u>411,750</u>	<u>-</u>	<u>411,750</u>	<u>508,463</u>
Net Assets:				
Without Donor Restriction:				
Undesignated	2,062,956	-	2,062,956	971,093
Board designated - endowment (Notes 6 and 8)	9,312,406	-	9,312,406	8,515,041
With Donor Restriction				
Time restricted for future period (Note 7)	-	530,272	530,272	1,138,567
Purpose restrictions (Note 7)	-	153,304	153,304	230,576
Endowment (Notes 6 and 7)	-	206,271	206,271	141,973
Total Net Assets	<u>11,375,362</u>	<u>889,847</u>	<u>12,265,209</u>	<u>10,997,250</u>
Total Liabilities and Net Assets	<u>\$ 11,787,112</u>	<u>\$ 889,847</u>	<u>\$ 12,676,959</u>	<u>\$ 11,505,713</u>

See accompanying notes

**SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2023**  
**(with comparative totals for 2022)**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2023 Total</u>	<u>2022 Total</u>
Public Support:				
Donated medical services (Note 9)	\$ 101,633,673	\$ -	\$ 101,633,673	\$ 69,429,740
Donated medical supplies and equipment	11,342,146	-	11,342,146	7,069,574
Government grants - ERTC	-	-	-	698,879
In-kind donations - other	66,587	-	66,587	38,709
Contributions	2,842,484	148,900	2,991,384	2,658,590
Memberships	-	-	-	2,563
Total Public Support	<u>115,884,890</u>	<u>148,900</u>	<u>116,033,790</u>	<u>79,898,055</u>
Other Revenue (Losses):				
Program service revenue	13,995	-	13,995	17,480
Other revenue	2,831	-	2,831	1,692
Investment income	<u>1,198,864</u>	<u>64,298</u>	<u>1,263,162</u>	<u>(1,917,710)</u>
Total Other Revenue (Losses)	<u>1,215,690</u>	<u>64,298</u>	<u>1,279,988</u>	<u>(1,898,538)</u>
Total Public Support, Special Event and Revenue	<u>117,100,580</u>	<u>213,198</u>	<u>117,313,778</u>	<u>77,999,517</u>
Net Assets Released From Restriction	<u>834,467</u>	<u>(834,467)</u>	<u>-</u>	<u>-</u>
Expenses:				
International clinics	113,045,406	-	113,045,406	77,173,882
Education	252,297	-	252,297	253,333
Santa Barbara Vision Care	891,326	-	891,326	1,189,493
United States - Domestic	<u>23,714</u>	<u>-</u>	<u>23,714</u>	<u>50,299</u>
Total Program Services	<u>114,212,743</u>	<u>-</u>	<u>114,212,743</u>	<u>78,667,007</u>
Management and General	694,820	-	694,820	1,192,802
Fundraising	<u>1,138,256</u>	<u>-</u>	<u>1,138,256</u>	<u>1,323,780</u>
Total Expenses	<u>116,045,819</u>	<u>-</u>	<u>116,045,819</u>	<u>81,183,589</u>
Change in Net Assets	1,889,228	(621,269)	1,267,959	(3,184,072)
Net Assets at Beginning of Year	<u>9,486,134</u>	<u>1,511,116</u>	<u>10,997,250</u>	<u>14,181,322</u>
Net Assets at End of Year	<u>\$ 11,375,362</u>	<u>\$ 889,847</u>	<u>\$ 12,265,209</u>	<u>\$ 10,997,250</u>
See accompanying notes				

**SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**December 31, 2023**  
**(with comparative totals for 2022)**

	Program Services					Support Services		Totals	
	International Clinics	Education	SB Vision Care	United States - Domestic	Total Program	Management and General	Fund-Raising	2023	2022
Donated medical services	\$ 101,319,388	\$ -	\$ 314,285	\$ -	\$ 101,633,673	\$ -	\$ -	\$ 101,633,673	\$ 69,429,740
Donated medical supplies	10,615,620	-	58,487	-	10,674,107	-	6,100	10,680,207	7,108,283
Depreciation	45,418	3,028	9,084	-	57,530	36,845	-	94,375	162,448
Conferences and meetings	810	8,492	190	-	9,492	8,488	880	18,860	24,685
Clinics and programs	19,572	9,504	6,666	-	35,742	4,022	724	40,488	132,269
Information technology	28,772	2,181	8,869	779	40,601	21,333	39,075	101,009	97,869
Insurance	16,881	3,194	12,912	2,180	35,167	19,692	6,137	60,996	54,846
Marketing and promotion	164	1,412	1,019	-	2,595	204	185,342	188,141	476,855
Medical supplies	388,292	-	13,567	2,692	404,551	113	-	404,664	497,507
Miscellaneous	11,588	3,245	8,410	-	23,243	9,661	75,557	108,461	125,288
Occupancy	130,865	21,910	50,101	17,593	220,469	107,724	30,661	358,854	431,351
Office expenses	51,038	4,722	3,269	1,094	60,123	16,845	3,404	80,372	63,588
Payroll taxes	28,143	12,572	28,821	-	69,536	25,324	51,148	146,008	163,284
Pension	14,212	2,678	7,313	-	24,203	16,755	15,857	56,815	56,200
Personnel benefits	33,191	13,675	25,969	(624)	72,211	15,129	44,329	131,669	148,361
Personnel compensation	337,246	152,677	341,938	-	831,861	338,834	640,890	1,811,585	1,872,254
Legal	-	-	-	-	-	7,750	-	7,750	6,247
Accounting	-	-	-	-	-	27,000	-	27,000	24,500
Outside services	-	-	-	-	-	-	36,769	36,769	199,894
Travel	4,206	13,007	426	-	17,639	39,101	1,383	58,123	108,120
Totals - 2023	<u>\$ 113,045,406</u>	<u>\$ 252,297</u>	<u>\$ 891,326</u>	<u>\$ 23,714</u>	<u>\$ 114,212,743</u>	<u>\$ 694,820</u>	<u>\$ 1,138,256</u>	<u>\$ 116,045,819</u>	
Totals - 2022	<u>\$ 77,173,882</u>	<u>\$ 253,333</u>	<u>\$ 1,189,493</u>	<u>\$ 50,299</u>	<u>\$ 78,667,007</u>	<u>\$ 1,192,802</u>	<u>\$ 1,323,780</u>		<u>\$ 81,183,589</u>

See accompanying notes

**SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2023**  
**(with comparative totals for 2022)**

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,267,959	\$ (3,184,072)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	94,375	162,448
Amortization of right of use asset and related obligation	16,276	-
Unrealized loss (gain) on investments	(1,006,168)	2,035,836
Realized loss (gain) on investments	(26,259)	107,569
(Increase) decrease in:		
Pledges receivable	(96,307)	2,500
Government grants receivable	698,879	(698,879)
Other receivables	3,011	(4,511)
Inventory	(491,361)	181,326
Prepaid expenses and other assets	45,307	3,508
Increase (decrease) in:		
Accounts payable and accrued expenses	(379,228)	133,909
Net Cash Flows From Operating Activities	126,484	(1,260,366)
Cash Flows From Investing Activities:		
Purchase of equipment	(69,746)	(1,708)
Purchase of investments	(1,559,622)	(1,265,440)
Proceeds from sale of investments	1,774,450	2,304,495
Net Cash Flows From Investing Activities	145,082	1,037,347
Net Change in Cash	271,566	(223,019)
Cash at Beginning of Year	627,757	850,776
Cash at Ending of Year	<u>\$ 899,323</u>	<u>\$ 627,757</u>
Supplemental Cash Flow Information		
Noncash contribution of medical supplies	<u>\$ 11,342,146</u>	<u>\$ 7,069,574</u>
Noncash donations of medical services	<u>\$ 101,633,673</u>	<u>\$ 69,429,740</u>
Reconciliation to Cash and Cash Equivalents on Statement of Position		
Cash and cash equivalents - current	\$ 312,054	\$ 213,230
Cash and cash equivalents - restricted for long term use	587,269	414,527
	<u>\$ 899,323</u>	<u>\$ 627,757</u>

See accompanying notes

# **SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.**

## **Notes to Financial Statements**

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### **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**

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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, 2022 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. Cash and highly liquid financial instruments restricted to endowment or other long-term purposes are excluded from this definition.

### **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 the lesser of 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

# **SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.**

## **Notes to Financial Statements**

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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 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, 2023.

### **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 and investment income 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 and investment income 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**

#### **Reciprocal Transactions**

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

# **SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.**

## **Notes to Financial Statements**

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### **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 return, are not recognized until the conditions on which they depend have been substantially met. No conditional contributions existed at December 31, 2023.

### **Donated Services, facilities 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 published United States Medicare hospital outpatient reimbursement rates for surgeries and facilities usage in Santa Barbara California for each procedure performed anywhere in the world. SEE reports gifts of donated services as unrestricted support and expense. The estimated value of each of the various donated procedures, physician and facility rates, ranged from \$96.90 to \$3,242 for the year ended December 31, 2023.

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 \$188,141 during the year ended December 31, 2023.

### **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

# **SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.**

## **Notes to Financial Statements**

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Personnel Compensation

Time and Effort

### **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 2022 financial statements were reclassified in order to conform to the 2023 presentation.

### **Subsequent Events**

Management has evaluated subsequent events through October 7, 2024, the date that the financial statements were available to be issued. Management has determined that, other than lease agreement described below, no event requiring disclosure or significantly impacting disclosures has occurred.

# SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

## Notes to Financial Statements

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**Note 2: Contributions and Government Grants Receivable**

Unconditional contributions and government grants receivable are estimated to be collected in the year ending December 31, 2024. 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 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.

# SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

## Notes to Financial Statements

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, 2023:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Temporary Cash	\$ 340,359	\$ 340,359	\$ -	\$ -
Mutual Funds–				
Equities	5,459,442	5,459,442	-	-
Fixed Income	255,394	255,394	-	-
Common Stocks	2,117,841	2,117,841	-	-
Exchange				
Traded Funds	1,747,794	1,747,794	-	-
	<u>\$ 9,920,830</u>	<u>\$ 9,920,830</u>	<u>\$ -</u>	<u>\$ -</u>

### 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	\$ 312,054
Operating Investments	402,153
Contributions receivable	96,307
Endowment spending-rate distributions and appropriations	450,000
Total	<u>\$ 1,260,514</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, 2023 are summarized by major classifications as follows:

Office Furniture and Equipment	\$ 256,770
Medical Equipment	<u>1,356,834</u>
	1,613,604
Less Accumulated Depreciation	<u>(1,452,264)</u>
Fixed Assets, Net	<u>\$ 161,340</u>

Depreciation expense for the year ended December 31, 2023 and 2022 was \$94,375 and \$162,449, respectively.

# **SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.**

## **Notes to Financial Statements**

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### **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, 2023, 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 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, 2023, there were no endowment funds underwater.

Changes in Endowment Net Assets for the year ended December 31, 2023 are as follows:

# SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

## Notes to Financial Statements

	Without Donor Restriction	With Donor Restriction
Endowment Net Assets, Beginning of Year	\$ 8,515,041	\$ 141,973
Contributions	-	-
Investment income	1,198,863	64,298
Draw per Spending Policy	(401,498)	-
Endowment Net Assets, End of Year	<u>\$ 9,312,406</u>	<u>\$ 206,271</u>

### **Investment Return Objectives, Risk Parameters and Strategies.**

SEE has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the funds if possible. Therefore, SEE expects its endowment assets, over time. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

### **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.

### **Note 7: Net Assets with Donor Restrictions**

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

#### Restrictions:

International program	\$ 134,390
Equipment	18,914
Restricted for time	<u>530,272</u>
	<u>\$ 683,576</u>

#### Endowments:

#### Subject to Endowment Policy and Appropriation:

General Endowment	\$ 146,479
Permanent in nature	<u>59,792</u>
	<u>\$ 206,271</u>

# SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

## Notes to Financial Statements

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**Note 8: Board Designated Net Assets**

At December 31, 2023 the Board of Directors designated \$9,312,406 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**

2023 Donated Services

The value of \$101,633,673 includes 55,602 surgeries and 71,955 eye examinations performed on expeditions or with consumable surgical supplies provided by SEE International to clinics where volunteer doctors perform surgeries.

2022 Donated Services

The value of \$69,429,740 includes 38,157 surgeries and 60,971 eye examinations performed on expeditions or with consumable surgical supplies provided by SEE International to clinics where volunteer doctors perform surgeries.

The number of surgeries is based upon information provided directly by the surgeon performing the surgeries. The surgeries are valued at the published U.S. Medicare reimbursement rate for surgeons and facilities usage in Santa Barbara, California. The value of the various donated procedures, physician, and facility, ranged from \$96 to \$3,333 for the year ended December 31, 2023.

**Note 10: 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, 2023 were \$56,815.

SEE pays all administrative costs of the above plan.

**Note 11: Donor and Credit Risk Concentrations**

SEE receives a significant amount of donated medical supplies from a limited number of donors. For the year ended December 31, 2023 approximately 99% of donated medical supplies were received from a single donor. In addition, SEE receives a majority of its donor contributions from donated services and facilities. SEE's program activities are primarily conducted outside of the United States of America.

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

# SURGICAL EYE EXPEDITIONS INTERNATIONAL, INC.

## Notes to Financial Statements

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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, 2023 SEE held approximately \$650,000 of cash deposits in excess of FDIC insurance limits.

**Note 12: Right of Use Asset, Liability Under Operating Lease and Lease Commitments**

In March, 2023, SEE entered into an agreement to lease administration and warehouse facilities located in Goleta California. The lease initiated June 1 2023, and terminates October 2026. Per the terms of the lease, the organization pays a base rent of \$8,676 per month plus operating costs of approximately \$3,500 per month. The base rent is scheduled to increase to \$8,936 on August 1, 2024 and to \$9,204 on August 1, 2025. The Organization negotiated free rent from June 1, 2023, to August 1, 2023.

At December 31, 2023, the right-of-use (ROU) asset had a balance of \$266,239, as shown in noncurrent assets on the statement of financial position; the lease liability balance of \$282,515 is included in long-term liabilities. The lease asset and liability were calculated utilizing the risk-free discount rate at date of initiation (5.50%).

Maturities of operating lease liabilities as of December 31, 2023:

Year ending June 30,	
2024	\$ 105,413
2024	108,576
2025	<u>92,044</u>
Total Lease Payments	306,033
Less Discount	<u>(23,518)</u>
Present Value Lease Liability	<u>\$ 282,515</u>

Rent expense for the year ended June 30, 2023 and 2022 was \$313,098 and \$376,997, respectively.