

**SIGHTS FOR HOPE
and
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)**

**Combined Financial Statements
and
Independent Auditor's Report**

June 30, 2021

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sights for Hope and
Sights for Hope Endowment Foundation
Allentown, Pennsylvania

Opinion

We have audited the accompanying combined financial statements of Sights for Hope and Sights for Hope Endowment Foundation (not-for-profit corporations), which comprise the combined statement of financial position as of June 30, 2021, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Sights for Hope and Sights for Hope Endowment Foundation as of June 30, 2021, and the changes in their net assets and their 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 Sights for Hope and Sights for Hope Endowment Foundation 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sights for Hope and Sights for Hope Endowment Foundation'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 combined 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 combined 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 combined 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 Sights for Hope and Sights for Hope Endowment Foundation'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sights for Hope and Sights for Hope Endowment Foundation'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 the Sights for Hope and Sights for Hope Endowment Foundation's 2020 combined financial statements, and our report dated January 21, 2021, expressed an unmodified opinion on those audited combined financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Congbell, Roppold & Yasaita LLP

January 22, 2022

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
COMBINED STATEMENT OF FINANCIAL POSITION
June 30, 2021
With Comparative Totals as of June 30, 2020**

	Sights for Hope	Endowment Foundation	Total 2021	Total 2020
ASSETS:				
Cash and Cash Equivalents	\$ 236,710	\$ -	\$ 236,710	\$ 159,554
Grants and Accounts Receivable (Note 3)	19,547	-	19,547	11,048
Annuities Receivable	92,628	-	92,628	-
Inventory	30,634	-	30,634	27,768
Prepaid Expense	8,812	1,871	10,683	21,641
Land, Building and Equipment (Note 7)	932,892	-	932,892	952,448
Beneficial Interest in Perpetual Trusts (Note 5)	750,528	-	750,528	622,381
Long-Term Investments (Note 4)	-	3,264,972	3,264,972	2,656,322
TOTAL ASSETS	\$ 2,071,751	\$ 3,266,843	\$ 5,338,594	\$ 4,451,162
LIABILITIES AND NET ASSETS:				
Accounts Payable	\$ 31,700	\$ -	\$ 31,700	\$ 19,463
Accrued Wages	36,918	-	36,918	24,725
Custodial Account	290	-	290	799
Deferred Revenue	17,666	-	17,666	3,303
TOTAL LIABILITIES	86,574	-	86,574	48,290
NET ASSETS:				
Without Donor Restrictions	1,181,149	3,073,834	4,254,983	3,559,626
With Donor Restrictions (Note 9)	804,028	193,009	997,037	843,246
TOTAL NET ASSETS	1,985,177	3,266,843	5,252,020	4,402,872
TOTAL LIABILITIES AND NET ASSETS	\$ 2,071,751	\$ 3,266,843	\$ 5,338,594	\$ 4,451,162

See independent auditor's report and notes to financial statements.

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
COMBINED STATEMENT OF ACTIVITIES
Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020**

	Without Donor Restrictions		With Donor Restrictions		2021	2020
	Sights for Hope	Endowment Foundation	Sights for Hope	Endowment Foundation	Total	Total
Revenues, Gains and Other Support						
Special Fund Raising Events	\$ 21,765	\$ -	\$ -	\$ -	\$ 21,765	\$ 28,380
Direct Cost of Events	18,105	-	-	-	18,105	11,111
Net Special Events Support	3,660	-	-	-	3,660	17,269
Resale - Merchandise and Aids	50,559	-	-	-	50,559	52,905
Cost of Goods Sold	33,975	-	-	-	33,975	40,995
	16,584	-	-	-	16,584	11,910
Governmental Support	235,292	-	-	-	235,292	344,899
Contributions	604,218	133,293	53,500	-	791,011	337,844
Program Fees	20,664	-	-	-	20,664	38,902
Interest and Dividends	1,051	37,287	-	-	38,338	72,434
Rental Income	21,671	-	-	-	21,671	18,516
Gain on Disposal of Capital Assets	6,704	-	-	-	6,704	-
Realized Gain on Sale of Investments	-	18,177	-	-	18,177	11,131
Unrealized Gain (Loss) on Investments	-	658,711	128,147	-	786,858	(92,328)
Total Revenues	909,844	847,468	181,647	-	1,938,959	760,577
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	27,856	-	(27,856)	-	-	-
Total Revenues, Gains and Other Support	937,700	847,468	153,791	-	1,938,959	760,577
Expenses:						
Program Services:						
Client and Patient Services	576,390	-	-	-	576,390	587,004
Prevention Services	65,011	-	-	-	65,011	98,732
Total Program Services	641,401	-	-	-	641,401	685,736
Supporting Services:						
Management and General	306,054	2,153	-	-	308,207	204,484
Fund Raising	140,203	-	-	-	140,203	122,105
Total Supporting Services	446,257	2,153	-	-	448,410	326,589
Total Expenses	1,087,658	2,153	-	-	1,089,811	1,012,325
Transfer to/from Foundation	237,500	(237,500)	-	-	-	-
Change in Net Assets	87,542	607,815	153,791	-	849,148	(251,748)
NET ASSETS AT BEGINNING OF YEAR	1,093,607	2,466,019	650,237	193,009	4,402,872	4,654,620
NET ASSETS AT END OF YEAR	\$ 1,181,149	\$ 3,073,834	\$ 804,028	\$ 193,009	\$ 5,252,020	\$ 4,402,872

See independent auditor's report and notes to financial statements.

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
COMBINED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020**

<u>Cash Flows from Operating Activities:</u>	<u>2021</u>	<u>2020</u>
Change in Net Assets	\$ 849,148	\$ (251,748)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation	64,826	66,863
Change in Value of Split Interest Agreement	(128,147)	(3,393)
Unrealized (Gain) Loss on Investments	(658,711)	95,721
Realized Gain on Sale of Investments	(18,177)	(11,131)
Gain on Disposal of Capital Assets	(6,704)	-
Changes in Assets and Liabilities:		
(Increase) Decrease in Grants and Accounts Receivable	(8,499)	10,177
(Increase) in Annuities Receivable	(92,628)	-
(Increase) in Inventory	(2,866)	(8,980)
(Increase) Decrease in Prepaid Expense	10,958	(5,641)
Increase (Decrease) in Accounts Payable	12,237	(7,253)
Increase (Decrease) in Accrued Wages	12,193	(1,365)
Increase (Decrease) in Custodial Account	(509)	51
Increase (Decrease) in Deferred Revenue	14,363	(8,111)
Net Cash (Used) Provided by Operating Activities	<u>47,484</u>	<u>(124,810)</u>
 <u>Cash Flows from Investing Activities:</u>		
Purchases of Equipment	(45,270)	(41,857)
Proceeds from Disposal of Capital Assets	6,704	-
Proceeds from Sales of Investments	351,159	399,045
Purchases of Investments	(282,921)	(257,051)
Net Cash Provided by Investing Activities	<u>29,672</u>	<u>100,137</u>
Net Increase (Decrease) in Cash and Cash Equivalents	77,156	(24,673)
Cash and Cash Equivalents at the Beginning of Year	<u>159,554</u>	<u>184,227</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 236,710</u>	<u>\$ 159,554</u>

See independent auditor's report and notes to financial statements.

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020**

	Program Services		
	Client and Patient Services	Prevention Services	Total
Salaries	\$ 354,547	\$ 50,620	\$ 405,167
Payroll Taxes	29,831	4,163	33,994
Employee Benefits	21,372	1,329	22,701
Total Salaries and Related Expenses	405,750	56,112	461,862
Advertising/Marketing	-	-	-
Professional Fees	5,247	-	5,247
Bank and Merchant Fees	-	-	-
Supplies	7,625	146	7,771
Resale - Merchandise and Aids Cost of Goods Sold	33,975	-	33,975
Telephone/Internet/Website	5,424	187	5,611
Postage	-	-	-
Insurance	18,787	648	19,435
Occupancy	44,221	6,434	50,655
Local Travel	23,317	-	23,317
Dues, Conferences and Meetings	-	-	-
PAB Administrative Fee	21,915	-	21,915
Miscellaneous	1,093	-	1,093
Equipment Rental and Maintenance	5,412	187	5,599
Special Events	-	-	-
Rental Unit Expense	-	-	-
Total Expenses Before Depreciation	572,766	63,714	636,480
Depreciation	37,599	1,297	38,896
TOTAL EXPENSES BY FUNCTION	610,365	65,011	675,376
Less Expenses Included with Revenues on the Statement of Activities			
Resale- Merchandise and Aids Cost of of Goods Sold	(33,975)	-	(33,975)
Cost of Direct Benefits to Donors	-	-	-
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 576,390</u>	<u>\$ 65,011</u>	<u>\$ 641,401</u>

See independent auditor's report and notes to financial statements.

Supporting Services

Management and General	Fund Raising	Total	2021 Totals	2020 Totals
\$ 107,611	\$ 44,411	\$ 152,022	\$ 557,189	\$ 581,667
8,124	3,632	11,756	45,750	51,788
19,936	1,329	21,265	43,966	46,299
135,671	49,372	185,043	646,905	679,754
-	84,036	84,036	84,036	14,612
41,719	-	41,719	46,966	26,575
1,971	-	1,971	1,971	1,281
8,583	-	8,583	16,354	28,505
-	-	-	33,975	40,995
35,827	94	35,921	41,532	27,883
883	5,155	6,038	6,038	2,128
20,056	324	20,380	39,815	35,486
18,692	481	19,173	69,828	57,383
-	-	-	23,317	20,562
4,322	-	4,322	4,322	13,328
-	-	-	21,915	21,914
5,454	-	5,454	6,547	2,943
3,640	93	3,733	9,332	8,664
-	18,105	18,105	18,105	11,111
6,107	-	6,107	6,107	4,444
282,925	157,660	440,585	1,077,065	997,568
25,282	648	25,930	64,826	66,863
308,207	158,308	466,515	1,141,891	1,064,431
-	-	-	(33,975)	(40,995)
-	(18,105)	(18,105)	(18,105)	(11,111)
<u>\$ 308,207</u>	<u>\$ 140,203</u>	<u>\$ 448,410</u>	<u>\$ 1,089,811</u>	<u>\$ 1,012,325</u>

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

1. Nature of Activities

During the year ended June 30, 2021, the Organizations changed their names from Center for Vision Loss, Inc. to Sights for Hope and Center for Visions Loss Endowment Foundation to Sights for Hope Endowment Foundation. This name change was done to reflect the positive and impactful nature of the work that the Organizations are committed to, and it also reaffirms their guiding philosophy of hope over loss.

Sights for Hope (“SFH”) is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania. Sights for Hope provides a comprehensive set of preventative, rehabilitative, support and social services enabling blind and visually impaired clients to achieve their personal goals and restore quality of life consistent with these goals. Sights for Hope believes that individuals challenged by severe vision loss should not have to choose between curtailing activities they once enjoyed and retaining their independence. This non-profit agency is a member of the Pennsylvania Association for the Blind and serves the residents of Lehigh, Northampton and Monroe Counties in eastern Pennsylvania, who are blind or visually impaired to lead well-adjusted, rewarding and productive lives. The programs and services available include Client Services, Low Vision Services and Community Outreach Programs.

The Sights for Hope Endowment Foundation (the “Foundation”) is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania and was created for the benefit of Sights for Hope.

Principles of Combination

The combined financial statements include the accounts of Sights for Hope and Sights for Hope Endowment Foundation (the “Organizations”). The Foundation supports the operations and activities of SFH.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Organizations’ combined financial statements are presented in accordance with accounting principles generally accepted in the United States of America on an accrual basis.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restrictions—Net assets that are not subject to, or are no longer subject to, donor-imposed stipulations.

**SIGHTS FOR HOPE AND
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(Not-for-Profit Corporations)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Net Assets With Donor Restrictions—Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Revenue is recorded when earned, revenue received in advance and not yet earned is recorded as deferred revenue. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Use of Estimates

The preparation of combined 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donor Restrictions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without restrictions and reported in the combined statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying combined financial statements.

Gifts of property and equipment (or other long-lived assets) are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purposes of the combined statement of cash flows, the Organizations consider all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents exclude cash invested for long term purposes.

Grants and Accounts Receivable

Grants and accounts receivable are presented at face value, net of the allowance for doubtful accounts. Management considers all accounts to be collectible and, therefore, has not established a provision for uncollectible accounts. The Organizations' review the collection history of its customers and, generally, requires no collateral from its customers. The Organizations' policy is to write-off accounts receivable when they are deemed uncollectible.

Annuities Receivable

The Organizations record annuities as income when they have received notification from the insurance company that they are the beneficiary of remaining annuity payments. Annuities receivable are measured at the current value of future payments at a discount rate of 2%. Management has reviewed the annuities receivable for collectability and determined that as of June 30, 2021, no allowance for uncollectable annuities is deemed necessary.

Inventory

Inventory is stated at the lower of cost or market, determined by the first-in, first-out method.

Long-term Investments

Long-term investments are stated at fair market value.

Land, Building and Equipment

Land, building and equipment is stated at cost. Depreciation is computed by use of the straight-line method based on estimated useful lives. SFH typically capitalizes items costing or valued at \$500 or more.

	<u>Years</u>
Buildings and Improvements	10 - 50
Equipment	5
Vehicles	5

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

2. Summary of Significant Accounting Policies (Continued)

Deferred Revenue

Income from fundraising events is deferred and recognized in the period when the event is held.

Contributions

All contributions, legacies and bequests are considered to be available for unrestricted use unless specifically restricted by the donor.

Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying combined statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organizations' program services and in their fund-raising campaigns.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Allocation of Expenses by Function

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Salaries, related benefits and taxes are allocated based on the percentage of time in which the employee worked in a particular department or supporting services. All other expenses are allocated directly to the program or supporting services or by an estimated percentage determined by management.

**SIGHTS FOR HOPE AND
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NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organizations are exempt from federal income tax under Internal Revenue Code 501(c)(3).

The accounting standard for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organizations may recognize the tax benefits from an uncertain tax position only if it is more likely-than-not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organizations and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or liabilities recorded for fiscal year 2021.

The Organizations file their 990 with the United States Internal Revenue Service. The Organizations are generally no longer subject to examination by the Internal Revenue Service for years before 2019.

Prior Year Information

The combined financial statements include certain prior-year summarized comparative information in total but not by function or net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organizations' combined financial statements for the year ended June 30, 2020 from which the summarized information was derived.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported change in net assets.

Recently Adopted Accounting Pronouncement

During the year ended June 30, 2021, the Organizations adopted ASU No. 2018-13 *Fair Value Measurements* (Topic 820), which provides for changes to the disclosure requirements for recurring and nonrecurring fair value measurements under Topic 820, including changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty.

The Organizations have determined that the implementation of the above accounting standards update did not significantly impact the financial statements and therefore, there were no required prior period adjustments.

**SIGHTS FOR HOPE AND
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(Not-for-Profit Corporations)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

3. Grants and Accounts Receivable

Grants and accounts receivable consist of the following:

	<u>2021</u>	<u>2020</u>
Bureau of Blindness and Visual Services	\$ -	\$ 2,082
Miscellaneous Grants	16,998	5,576
Other	<u>2,549</u>	<u>3,390</u>
	<u>\$ 19,547</u>	<u>\$ 11,048</u>

4. Long-Term Investments

Cost and market values of the investments are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
<u>Foundation Endowment Funds</u>				
Cash Held for Investment	\$ 240,500	\$ 240,500	\$ 333,586	\$ 333,586
Mutual Funds	<u>2,394,901</u>	<u>3,024,472</u>	<u>2,351,875</u>	<u>2,322,736</u>
	<u>\$ 2,635,401</u>	<u>\$ 3,264,972</u>	<u>\$ 2,685,461</u>	<u>\$ 2,656,322</u>

Investment fees have been netted against interest income and totaled \$18,931 and \$16,998 for the years ended June 30, 2021 and 2020, respectively.

	<u>Endowment Foundation June 30,</u>	
	<u>2021</u>	<u>2020</u>
Income	\$ 37,287	\$ 72,241
Realized Gain	18,177	11,131
Unrealized Gain/ (Loss)	<u>658,711</u>	<u>(95,721)</u>
	<u>\$ 714,175</u>	<u>\$ (12,349)</u>

**SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

5. Beneficial Interest in Perpetual Trusts

SFH is the beneficiary of certain perpetual trusts held and administered by a third party. The present value of the estimated future cash flows (as measured by the fair value of the underlying investments) is recognized as assets and contribution revenues at the dates the trusts are established. Distributions from the trust are recorded as unrestricted investment income.

The increase or decrease in the asset measured by the fair value of the asset is recorded as a permanently restricted unrealized gain or loss in the Combined Statement of Activities.

For the years end June 30, 2021 and 2020 SFH recorded a gain in perpetual trust of \$128,147 and \$3,393, respectively due to the increase in fair value.

SFH also received distributions from the beneficial interest in perpetual trusts in the amount of \$19,652 and \$17,206 for the years ending June 30, 2021 and 2020, respectively, which is included in unrestricted contributions in the Combined Statement of Activities.

The value of SFH's interest in the perpetual trusts at June 30, 2021 and 2020 was \$750,528 and \$622,381, respectively.

6. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organizations have the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability;• Inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable. |

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6. Fair Value Measurements (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Investments classified within Level 3 whose fair value measurements consider several inputs may include Level 1 and/or Level 2 inputs as components of the overall fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Money market instruments, fixed income securities, government securities, exchange traded and closed end funds, stocks, and mutual funds: Valued at the net asset value ("NAV") of shares held by the Organization at year end.

Beneficial Interest in Perpetual Trusts: The Organization is the beneficiary of certain perpetual trusts held and administered by others which are estimated at the fair value of the Organization's share of the underlying assets, which approximates the expected future cash flows from the Trusts.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organizations believes their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organizations' assets at fair value as of June 30, 2021 and 2020:

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 240,500	\$ -	\$ -	\$ 240,500
Mutual Funds	3,024,472	-	-	3,024,472
Beneficial Interest in Perpetual Trusts	-	-	750,528	750,528
	<u>\$ 3,264,972</u>	<u>\$ -</u>	<u>\$ 750,528</u>	<u>\$ 4,015,500</u>

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6. Fair Value Measurements (Continued)

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 333,586	\$ -	\$ -	\$ 333,586
Mutual Funds	2,322,736	-	-	2,322,736
Beneficial Interest in Perpetual Trusts	-	-	622,381	622,381
	\$ 2,656,322	\$ -	\$ 622,381	\$ 3,278,703

7. Land, Building and Equipment

Land, building and equipment consist of the following:

	2021	2020
Land	\$ 82,500	\$ 82,500
Buildings and Improvements	1,324,315	1,321,315
Vehicles	167,875	180,600
Equipment	200,037	179,767
	1,774,727	1,764,182
Accumulated Depreciation	(841,835)	(811,734)
	\$ 932,892	\$ 952,448

Depreciation charged to expense was \$64,826 and \$66,863 for the years ended June 30, 2021 and 2020, respectively.

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8. Endowment Funds

The Commonwealth of Pennsylvania has not adopted the Uniform Management of Institutional Funds Act (UMIFA) or the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Rather, the Pennsylvania uniform Principal and Income Act (Pennsylvania Act) governs the investment, use and management of the Foundation's endowment funds.

The Pennsylvania Act does not require the preservation of the fair value of a donor's original gift as of the gift date of a donor-restricted endowment fund, absent explicit donor stipulations to the contrary. However, based on its interpretation of the Pennsylvania Act and relevant accounting literature, the Foundation classifies as permanently restricted net assets for reporting purposes: (i) the original value of gifts donated to the permanent endowment; (ii) the original value of subsequent gifts to the permanent endowment; and (iii) 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation. The Pennsylvania Act allows a nonprofit to elect to appropriate for expenditure between 2% and 7% of the endowment fair value, determined at least annually and averaged over a period of three or more preceding years.

In accordance with the Pennsylvania Act, the Foundation has adopted endowment investment and spending policies which have been approved by the Board of Directors. The goal of the endowment investment policy is to provide a total return that preserves the long-term purchasing power of the endowment's assets, while providing an income stream to support the activities and mission of the Foundation through sufficient spending. To satisfy the total return objectives, the Foundation relies on a strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places emphasis on equities-based securities and fixed income investments within prudent risk parameters. The Board adopted endowment spending policy releases endowment funds for operating use based on any donor-restricted purpose. The endowment funds are co-mingled with unrestricted long-term investments. The Board has adopted a spending policy based on the operating budget and is taken from the unrestricted investments. The endowment income is to be used for purposes with Sights for Hope's service area – which consist of Lehigh, Northampton, and Monroe counties in Pennsylvania. All investment income is withdrawn and used for such purposes.

As of June 30, 2021, the Board of Directors had board designated endowment funds of \$2,940,539 that are classified and reported as net assets without donor restrictions.

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8. Endowment Funds (Continued)

As of June 30, 2021, total endowment composition by net asset fund is:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment	\$ -	\$ 193,009	\$ 193,009
Board Designated Endowment	3,073,834	-	3,073,834
	<u>\$ 3,073,834</u>	<u>\$ 193,009</u>	<u>\$ 3,266,843</u>

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2020	\$ 2,466,019	\$ 193,009	\$ 2,659,028
Gifts and Contributions	133,293	-	133,293
Investment Income	37,287	-	37,287
Net Appreciation	676,888	-	676,888
Amounts Released for Operations	(239,653)	-	(239,653)
Balance at June 30, 2021	<u>\$ 3,073,834</u>	<u>\$ 193,009</u>	<u>\$ 3,266,843</u>

As of June 30, 2020, total endowment composition by net asset fund is:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment	\$ -	\$ 193,009	\$ 193,009
Board Designated Endowment	2,466,019	-	2,466,019
	<u>\$ 2,466,019</u>	<u>\$ 193,009</u>	<u>\$ 2,659,028</u>

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2019	\$ 2,695,322	\$ 188,463	\$ 2,883,785
Gifts and Contributions	-	4,546	4,546
Investment Income	89,239	-	89,239
Net Appreciation (Depreciation)	(84,590)	-	(84,590)
Amounts Released for Operations	(233,952)	-	(233,952)
Balance at June 30, 2020	<u>\$ 2,466,019</u>	<u>\$ 193,009</u>	<u>\$ 2,659,028</u>

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9. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	2021	2020
Allentown Rotary	\$ -	\$ 1,500
Assisted Devices Monroe	-	269
Camp I Can	4,000	2,500
Client Help Fund	6,000	6,713
Kaleidoscope Program	-	1,874
Perpetual Trusts	750,528	622,381
Transportation	31,500	-
Vision Rehab Services	12,000	15,000
	804,028	650,237
Endowment Foundation- Investments Held in Perpetuity	193,009	193,009
	\$ 997,037	\$ 843,246

10. Net Assets Released from Restrictions

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

	2021	2020
Allentown Rotary	\$ 1,500	\$ 5,915
Camp I Can	2,500	3,150
Capital Purchases	-	5,000
Claus Jordan Fund/LVHN Assisted Devices Monroe	269	-
Client Emergency Funds	2,159	-
Client Help Fund	4,300	-
Kaleidoscope Program	1,874	22,668
Low Vision Services	254	-
Vision Rehab Services	15,000	-
	\$ 27,856	\$ 36,733

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11. Advertising/Rebranding Expense

Advertising/Rebranding costs are expensed as incurred and were \$84,036 and \$14,612 for the year ended June 30, 2021 and 2020, respectively. In order to affect its name change and to inform its communities about its new name, Sights for Hope spent \$77,702 in the year ending June 30, 2021, for signage, materials, and promotional considerations. Funding for these expenses was furnished from a special grant from the Sights for Hope Endowment Foundation made specifically for this purpose. No other funds were used for these expenses.

12. Leases

The Organization leases office space under a month-to-month lease and equipment under long-term lease agreements. The equipment leases are operating leases which expire in various years through 2026. Rental expense was \$29,313 and \$27,754 for the year ended June 30, 2021 and 2020, respectively.

Minimum lease payments under the operating leases are as follows:

June 30,		
2022	\$	6,722
2023		3,738
2024		1,344
2025		1,344
2026 and Thereafter		336
	\$	<u>13,484</u>

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13. Liquidity and Availability

The following tables reflect the Organizations' financial assets reduced by amounts not available for general expenditure within one year.

Financial assets are considered unavailable when not convertible to cash within one year or due to donors' restrictions.

	As of June 30, 2021		
	Sights for Hope	Endowment Foundation	Total
Cash and Cash Equivalents	\$ 236,710	\$ -	\$ 236,710
Investments	-	3,264,972	3,264,972
Accounts Receivable	19,547	-	19,547
Less: Amounts with Donor Restrictions	(53,500)	(193,009)	(246,509)
	\$ 202,757	\$ 3,071,963	\$ 3,274,720

	As of June 30, 2020		
	Sights for Hope	Endowment Foundation	Total
Cash and Cash Equivalents	\$ 159,554	\$ -	\$ 159,554
Investments	-	2,656,322	2,656,322
Accounts Receivable	11,048	-	11,048
Less: Amounts with Donor Restrictions	(27,856)	(193,009)	(220,865)
	\$ 142,746	\$ 2,463,313	\$ 2,606,059

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due.

14. Subsequent Events

Management has evaluated subsequent events through January 22, 2022, the date on which the financial statements were available to be issued.