

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

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

**June 30, 2023**

**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, 2023, 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, 2023, 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, 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 2022 combined financial statements, and our report dated February 6, 2023, 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, 2022, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

*Congbell, Rappold & Yasaita LLP*

February 27, 2024

**SIGHTS FOR HOPE AND  
SIGHTS FOR HOPE ENDOWMENT FOUNDATION  
(Not-for-Profit Corporations)  
COMBINED STATEMENT OF FINANCIAL POSITION  
June 30, 2023  
With Comparative Totals as of June 30, 2022**

	Sights for Hope	Endowment Foundation	Total 2023	Total 2022
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 424,601	\$ -	\$ 424,601	\$ 230,227
Grants and Accounts Receivable (Note 3)	60,586	-	60,586	10,561
Annuities Receivable	67,402	-	67,402	80,053
Inventory	16,636	-	16,636	45,222
Prepaid Expense	9,118	-	9,118	12,345
Land, Building and Equipment (Note 7)	847,160	-	847,160	887,196
Beneficial Interest in Perpetual Trusts (Note 5)	634,965	-	634,965	628,241
Long-Term Investments (Note 4)	-	2,813,435	2,813,435	2,946,011
<b>TOTAL ASSETS</b>	<b><u>\$ 2,060,468</u></b>	<b><u>\$ 2,813,435</u></b>	<b><u>\$ 4,873,903</u></b>	<b><u>\$ 4,839,856</u></b>
<b>LIABILITIES AND NET ASSETS:</b>				
Accounts Payable	\$ 39,669	\$ -	\$ 39,669	\$ 41,569
Accrued Wages	42,289	-	42,289	49,566
Deferred Revenue	10,628	-	10,628	8,248
<b>TOTAL LIABILITIES</b>	<b><u>92,586</u></b>	<b><u>-</u></b>	<b><u>92,586</u></b>	<b><u>99,383</u></b>
<b>NET ASSETS:</b>				
Without Donor Restrictions	1,328,653	2,620,426	3,949,079	3,915,223
With Donor Restrictions (Note 9)	639,229	193,009	832,238	825,250
<b>TOTAL NET ASSETS</b>	<b><u>1,967,882</u></b>	<b><u>2,813,435</u></b>	<b><u>4,781,317</u></b>	<b><u>4,740,473</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,060,468</u></b>	<b><u>\$ 2,813,435</u></b>	<b><u>\$ 4,873,903</u></b>	<b><u>\$ 4,839,856</u></b>

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, 2023  
With Comparative Totals for the Year Ended June 30, 2022**

	Without Donor Restrictions		With Donor Restrictions		2023	2022
	Sights for Hope	Endowment Foundation	Sights for Hope	Endowment Foundation	Total	Total
Revenues, Gains and Other Support						
Special Fund Raising Events	\$ 56,134	\$ -	\$ -	\$ -	\$ 56,134	\$ 62,343
Direct Cost of Events	7,252	-	-	-	7,252	13,441
Net Special Events Support	48,882	-	-	-	48,882	48,902
Resale - Merchandise and Aids	154,158	-	-	-	154,158	103,134
Cost of Goods Sold	150,140	-	-	-	150,140	91,737
	4,018	-	-	-	4,018	11,397
Governmental Support	308,997	-	-	-	308,997	275,528
Employee Retention Credit (Note 2)	308,125	-	-	-	308,125	-
Contributions	526,132	554	264	-	526,950	823,158
Contributed Nonfinancial Assets	7,164	-	-	-	7,164	-
Program Fees	35,104	-	-	-	35,104	34,595
Interest and Dividends	313	58,948	-	-	59,261	88,708
Rental Income	-	-	-	-	-	22,004
Gain (Loss) on Disposal of Capital Assets	(2,801)	-	-	-	(2,801)	2,525
Realized Gain on Sale of Investments	-	20,756	-	-	20,756	14,026
Unrealized Gain (Loss) on Investments	-	187,259	6,724	-	193,983	(615,214)
Total Revenues	1,235,934	267,517	6,988	-	1,510,439	705,629
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	-	-	-	-	-	-
Total Revenues, Gains and Other Support	1,235,934	267,517	6,988	-	1,510,439	705,629
Expenses:						
Program Services:						
Client and Patient Services	904,574	-	-	-	904,574	774,496
Prevention Services	98,067	-	-	-	98,067	88,243
Total Program Services	1,002,641	-	-	-	1,002,641	862,739
Supporting Services:						
Management and General	271,723	1,158	-	-	272,881	217,289
Fund Raising	194,073	-	-	-	194,073	137,148
Total Supporting Services	465,796	1,158	-	-	466,954	354,437
Total Expenses	1,468,437	1,158	-	-	1,469,595	1,217,176
Transfer to/from Foundation	400,000	(400,000)	-	-	-	-
Change in Net Assets	167,497	(133,641)	6,988	-	40,844	(511,547)
NET ASSETS AT BEGINNING OF YEAR	1,161,156	2,754,067	632,241	193,009	4,740,473	5,252,020
NET ASSETS AT END OF YEAR	\$ 1,328,653	\$ 2,620,426	\$ 639,229	\$ 193,009	\$ 4,781,317	\$ 4,740,473

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, 2023 and 2022**

<u>Cash Flows from Operating Activities:</u>	2023	2022
Change in Net Assets	\$ 40,844	\$ (511,547)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	72,980	72,995
Change in Value of Split Interest Agreement	(6,724)	122,287
Unrealized (Gain) Loss on Investments	(187,259)	492,927
Realized Gain on Sale of Investments	(20,756)	(14,026)
Noncash Donation of Land, Building and Equipment	(7,164)	-
Gain (Loss) on Disposal of Capital Assets	2,801	(2,525)
Changes in Assets and Liabilities:		
(Increase) Decrease in Grants and Accounts Receivable	(50,025)	8,986
Decrease in Annuities Receivable	12,651	12,575
(Increase) Decrease in Inventory	28,586	(14,588)
(Increase) Decrease in Prepaid Expense	3,227	(1,662)
Increase (Decrease) in Accounts Payable	(1,900)	9,869
Increase (Decrease) in Accrued Wages	(7,277)	12,648
(Decrease) in Custodial Account	-	(290)
Increase (Decrease) in Deferred Revenue	2,380	(9,418)
Net Cash Provided (Used) by Operating Activities	(117,636)	178,231
<u>Cash Flows from Investing Activities:</u>		
Purchases of Land, Building and Equipment	(30,779)	(27,299)
Proceeds from Disposal of Land, Building and Equipment	2,198	2,525
Proceeds from Sales of Investments	419,419	383,862
Purchases of Investments	(78,828)	(543,802)
Net Cash Provided (Used) by Investing Activities	312,010	(184,714)
Net Increase (Decrease) in Cash and Cash Equivalents	194,374	(6,483)
Cash and Cash Equivalents at the Beginning of Year	230,227	236,710
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 424,601</b>	<b>\$ 230,227</b>

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, 2023  
With Comparative Totals for the Year Ended June 30, 2022**

	Program Services		
	Client and Patient Services	Prevention Services	Total
Salaries	\$ 520,335	\$ 52,479	\$ 572,814
Payroll Taxes	44,092	4,250	48,342
Employee Benefits	39,214	4,383	43,597
<b>Total Salaries and Related Expenses</b>	<b>603,641</b>	<b>61,112</b>	<b>664,753</b>
Advertising/Marketing	-	-	-
Professional Fees	6,775	-	6,775
Bank and Merchant Fees	-	-	-
Supplies	25,061	2,373	27,434
Resale - Merchandise and Aids Cost of Goods Sold	150,140	-	150,140
Telephone/Internet/Website	26,855	3,456	30,311
Postage and Printing	8,399	550	8,949
Insurance	39,862	5,460	45,322
Occupancy	68,618	9,402	78,020
Local Travel	37,501	-	37,501
Dues, Conferences and Meetings	6,152	843	6,995
PAB Administrative Fee	18,961	6,320	25,281
Miscellaneous	(851)	4	(847)
Equipment Rental and Maintenance	7,662	1,050	8,712
Client Activities Expenses	2,077	-	2,077
Client Assistance Funds	586	199	785
Special Events	-	-	-
Rental Unit Expense	-	-	-
<b>Total Expenses Before Depreciation</b>	<b>1,001,439</b>	<b>90,769</b>	<b>1,092,208</b>
Depreciation	53,275	7,298	60,573
<b>TOTAL EXPENSES BY FUNCTION</b>	<b>1,054,714</b>	<b>98,067</b>	<b>1,152,781</b>
Less Expenses Included with Revenues on the Statement of Activities			
Resale- Merchandise and Aids Cost of of Goods Sold	(150,140)	-	(150,140)
Cost of Direct Benefits to Donors	-	-	-
<b>Total Expenses Included in the Expense Section on the Statement of Activities</b>	<b>\$ 904,574</b>	<b>\$ 98,067</b>	<b>\$ 1,002,641</b>

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

Supporting Services

<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>	<u>2023 Totals</u>	<u>2022 Totals</u>
\$ 83,006	\$ 88,085	\$ 171,091	\$ 743,905	\$ 650,041
5,616	7,091	12,707	61,049	52,427
<u>20,209</u>	<u>16,477</u>	<u>36,686</u>	<u>80,283</u>	<u>55,379</u>
108,831	111,653	220,484	885,237	757,847
-	11,760	11,760	11,760	13,164
120,491	-	120,491	127,266	81,291
5,089	-	5,089	5,089	4,800
1,826	1,278	3,104	30,538	27,280
-	-	-	150,140	91,737
3,455	17,432	20,887	51,198	39,620
171	34,527	34,698	43,647	29,343
6,467	3,822	10,289	55,611	31,869
9,402	6,581	15,983	94,003	75,795
-	-	-	37,501	30,347
4,567	590	5,157	12,152	4,963
-	-	-	25,281	22,991
165	587	752	(95)	6,642
1,050	734	1,784	10,496	12,171
-	-	-	2,077	-
-	-	-	785	1,035
-	7,252	7,252	7,252	13,441
<u>4,069</u>	<u>-</u>	<u>4,069</u>	<u>4,069</u>	<u>5,023</u>
265,583	196,216	461,799	1,554,007	1,249,359
<u>7,298</u>	<u>5,109</u>	<u>12,407</u>	<u>72,980</u>	<u>72,995</u>
272,881	201,325	474,206	1,626,987	1,322,354
-	-	-	(150,140)	(91,737)
<u>-</u>	<u>(7,252)</u>	<u>(7,252)</u>	<u>(7,252)</u>	<u>(13,441)</u>
<u>\$ 272,881</u>	<u>\$ 194,073</u>	<u>\$ 466,954</u>	<u>\$ 1,469,595</u>	<u>\$ 1,217,176</u>

**SIGHTS FOR HOPE AND  
SIGHTS FOR HOPE ENDOWMENT FOUNDATION  
(Not-for-Profit Corporations)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

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**1. Nature of Activities**

Sights for Hope (“SFH”) is a nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania. Founded in 1928 from the inspiration of the iconic educator and activist Helen Keller, it serves Pennsylvania’s Lehigh, Northampton, and Monroe counties and is a member of the Pennsylvania Association for the Blind (PAB). Sights for Hope’s call to action is the fact that people who live with visual impairments and blindness face unacceptable disparities with respect to personal independence and well-being. These inequalities are manifest particularly by increased challenges in accomplishing daily life activities; limited access to medical care, nutritious food, and other critical services; difficulties with emotional health, including depression; and decreased potential to learn successfully in school. When Sights for Hope removes key barriers to self-sufficiency, then people with visual impairments and blindness become empowered to achieve a greater equality of independence and quality of life for themselves. Sights for Hope’s services and programs teach adaptive skills to accomplish daily life activities; counter the effects of visual impairments; increase access to essential services, including medical care and healthy food; and advance solutions that enhance sight capabilities.

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 Organizations report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

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

**SIGHTS FOR HOPE AND  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

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**2. Summary of Significant Accounting Policies (Continued)**

*Basis of Presentation (Continued)*

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 Organizations have 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 contributions without donor restrictions 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.

*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.

**SIGHTS FOR HOPE AND  
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June 30, 2023**

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**2. Summary of Significant Accounting Policies (Continued)**

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 their customers and, generally, requires no collateral from their 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, 2023, 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 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

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.

**SIGHTS FOR HOPE AND  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

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**2. Summary of Significant Accounting Policies (Continued)**

*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.

*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 2023.

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 2021.

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NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

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**2. Summary of Significant Accounting Policies (Continued)**

*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, 2022 from which the summarized information was derived.

*Employee Retention Credit*

The CARES Act Extended the Employee Retention Credit ("ERC") through September 30, 2021. The ERC is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages paid by an employer after March 12, 2020, and before January 1, 2021. For purpose of the ERC, qualified wages were capped at \$10,000 per employee, per year. For 2021, the ERC amount was increased to 70% of qualified wages paid to an employee, with qualified wages capped at \$10,000 per employee, per quarter.

The Organization determined it was eligible for the ERC. The Organization determined the credits to total \$308,125, including accrued interest, which was received on June 8, 2023.

*New Accounting Standard Adopted*

Effective July 1, 2022, the Organization adopted FASB Accounting Standards Update ("ASU") 2016-02 (Topic 842), *Leases*. Topic 842 was issued to increase transparency and comparability among entities by recognizing nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the Combined Statement of Financial Position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance is similar to the current model. Lessees are required to recognize a right-of-use asset and lease liability, initially measured at the present value of the remaining lease payments, in the Combined Statement of Financial Position. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the leasing activities.

The Organization elected the option to apply the transition requirements at the effective date of July 1, 2022, which allows the effects of initially applying Topic 842 to be recognized as a cumulative effect adjustment to net assets without donor restriction in the period of adoption, if applicable. Consequently, the financial statement and disclosures required under Topic 842 have not been updated as of and for the year ended June 30, 2022. The Organization also elected the package of practical expedients, which permits the Organization to not reassess prior conclusions about lease identification, classification, and initial direct costs and to account for the lease and nonlease components of such as maintenance as a single lease component. In addition, the Organization elected the short-term lease recognition exemption for all leases that qualify under Topic 842.

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**3. Grants and Accounts Receivable**

Grants and accounts receivable consist of the following:

	2023	2022
Miscellaneous Grants	59,423	10,144
Other	1,163	417
	\$ 60,586	\$ 10,561

**4. Long-Term Investments**

Cost and fair values of the investments are as follows:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
<u>Endowment Foundation Funds</u>				
Cash Held for Investment	\$ 107,148	\$ 107,148	\$ 317,732	\$ 317,732
Mutual Funds	2,362,684	2,706,287	2,491,635	2,628,279
	\$ 2,469,832	\$ 2,813,435	\$ 2,809,367	\$ 2,946,011

Investment fees have been netted against interest income and totaled \$19,269 and \$22,046 for the years ended June 30, 2023 and 2022, respectively.

	Endowment Foundation	
	June 30,	
	2023	2022
Income	\$ 58,948	\$ 88,598
Realized Gain	20,756	14,026
Unrealized Gain/ (Loss)	187,259	(492,927)
	\$ 266,963	\$ (390,303)

**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 an unrealized gain or loss with donor restrictions in the Combined Statement of Activities.

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**5. Beneficial Interest in Perpetual Trusts (Continued)**

For the year end June 30, 2023 SFH recorded an unrealized gain in perpetual trust of \$6,724 compared to an unrealized loss of \$122,287 in 2022.

SFH also received distributions from the beneficial interest in perpetual trusts in the amount of \$35,879 and \$19,452 for the years ending June 30, 2023 and 2022, respectively, which is included in contributions without donor restrictions in the Combined Statement of Activities.

The value of SFH's interest in the perpetual trusts at June 30, 2023 and 2022 was \$634,965 and \$628,241, 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"><li>• Quoted prices for similar assets or liabilities in active markets;</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• Inputs other than quoted prices that are observable for the asset or liability;</li><li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> |
| Level 3 | Inputs to the valuation methodology are unobservable.   |

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.

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**6. Fair Value Measurements (Continued)**

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 believe 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, 2023 and 2022:

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 107,148	\$ -	\$ -	\$ 107,148
Mutual Funds	2,706,287	-	-	2,706,287
Beneficial Interest in Perpetual Trusts	-	-	634,965	634,965
	<u>\$ 2,813,435</u>	<u>\$ -</u>	<u>\$ 634,965</u>	<u>\$ 3,448,400</u>
	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 317,732	\$ -	\$ -	\$ 317,732
Mutual Funds	2,628,279	-	-	2,628,279
Beneficial Interest in Perpetual Trusts	-	-	628,241	628,241
	<u>\$ 2,946,011</u>	<u>\$ -</u>	<u>\$ 628,241</u>	<u>\$ 3,574,252</u>

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**7. Land, Building and Equipment**

Land, building and equipment consist of the following:

	2023	2022
Land	\$ 82,500	\$ 82,500
Buildings and Improvements	1,344,090	1,324,315
Vehicles	162,876	167,875
Equipment	245,504	227,336
	1,834,970	1,802,026
Accumulated Depreciation	(987,810)	(914,830)
	\$ 847,160	\$ 887,196

Depreciation charged to expense was \$72,980 and \$72,995 for the years ended June 30, 2023 and 2022, respectively.

**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 net assets with donor restrictions held in perpetuity 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 net assets with donor restrictions held in perpetuity 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.

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**8. Endowment Funds (Continued)**

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, 2023, the Board of Directors had board designated endowment funds of \$2,620,426 that are classified and reported as net assets without donor restrictions.

As of June 30, 2023, total endowment composition by net asset fund is:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor Restricted Endowment	\$ -	\$ 193,009	\$ 193,009
Board Designated Endowment	<u>2,620,426</u>	<u>-</u>	<u>2,620,426</u>
	<u>\$ 2,620,426</u>	<u>\$ 193,009</u>	<u>\$ 2,813,435</u>

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance at June 30, 2022	\$ 2,754,067	\$ 193,009	\$ 2,947,076
Gifts and Contributions	554	-	554
Investment Income	58,948	-	58,948
Net Appreciation	208,015	-	208,015
Amounts Released for Operations	<u>(401,158)</u>	<u>-</u>	<u>(401,158)</u>
Balance at June 30, 2023	<u>\$ 2,620,426</u>	<u>\$ 193,009</u>	<u>\$ 2,813,435</u>

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**8. Endowment Funds (Continued)**

As of June 30, 2022, total endowment composition by net asset fund is:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor Restricted Endowment	\$ -	\$ 193,009	\$ 193,009
Board Designated Endowment	<u>2,754,067</u>	<u>-</u>	<u>2,754,067</u>
	<u>\$ 2,754,067</u>	<u>\$ 193,009</u>	<u>\$ 2,947,076</u>

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance at June 30, 2021	\$ 3,073,834	\$ 193,009	\$ 3,266,843
Gifts and Contributions	360,201	-	360,201
Investment Income	88,598	-	88,598
Net Depreciation	(478,901)	-	(478,901)
Amounts Released for Operations	<u>(289,665)</u>	<u>-</u>	<u>(289,665)</u>
Balance at June 30, 2022	<u>\$ 2,754,067</u>	<u>\$ 193,009</u>	<u>\$ 2,947,076</u>

**9. Net Assets with Donor Restrictions**

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

	<u>2023</u>	<u>2022</u>
Camp I Can	\$ 4,000	\$ 4,000
Client Help Fund	264	-
Perpetual Trusts	<u>634,965</u>	<u>628,241</u>
	639,229	632,241
Endowment Foundation- Investments Held in Perpetuity	<u>193,009</u>	<u>193,009</u>
	<u>\$ 832,238</u>	<u>\$ 825,250</u>

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**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:

	<u>2023</u>	<u>2022</u>
Camp I Can	\$ -	\$ 4,000
Client Help Fund	-	6,000
Transportation	-	31,500
Vision Rehab Services	-	12,000
	<u>\$ -</u>	<u>\$ 53,500</u>

**11. Contributed Nonfinancial Assets**

Contributed nonfinancial assets are comprised of:

	<u>Year Ended June 30,</u>		<u>Usage</u>
	<u>2023</u>	<u>2022</u>	
Vision Screener and Printer	<u>\$ 7,164</u>	<u>\$ -</u>	Programming
	<u>\$ 7,164</u>	<u>\$ -</u>	

Contributed nonfinancial assets were valued at fair value at the date of donation. Contributed nonfinancial assets did not have any donor-imposed restrictions.

**12. Advertising Expense**

Advertising costs are expensed as incurred and were \$11,760 and \$13,164 for the year ended June 30, 2023 and 2022, respectively.

**13. Lease Obligation**

Sights for Hope leases office space under a one-year lease and equipment under various lease agreements which have been classified as operating leases. The equipment leases expire in various years through 2027. Management of the Organization has evaluated each lease agreement and has determined that they are immaterial to the financial statements as a whole and accordingly, no right of use assets or lease liabilities are presented in these financial statements. Rental expense was \$31,471 and \$29,832 for the year ended June 30, 2023 and 2022, respectively.

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**13. Lease Obligation (Continued)**

Minimum lease payments under the operating leases are as follows:

June 30,		\$	
2024		21,156	
2025		2,796	
2026		1,788	
2027		242	
2028		-	
		<u>25,982</u>	
		<u>\$</u>	<u>25,982</u>

**14. 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, 2023		
	Sights for Hope	Endowment Foundation	Total
Cash and Cash Equivalents	\$ 424,601	\$ -	\$ 424,601
Investments	-	2,813,435	2,813,435
Accounts Receivable	60,586	-	60,586
Less: Amounts with Donor Restrictions	(4,264)	(193,009)	(197,273)
	<u>\$ 480,923</u>	<u>\$ 2,620,426</u>	<u>\$ 3,101,349</u>

	As of June 30, 2022		
	Sights for Hope	Endowment Foundation	Total
Cash and Cash Equivalents	\$ 230,227	\$ -	\$ 230,227
Investments	-	2,946,011	2,946,011
Accounts Receivable	10,561	-	10,561
Less: Amounts with Donor Restrictions	(4,000)	(193,009)	(197,009)
	<u>\$ 236,788</u>	<u>\$ 2,753,002</u>	<u>\$ 2,989,790</u>

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**14. Liquidity and Availability (Continued)**

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.

**15. Subsequent Events**

Management has evaluated subsequent events through February 27, 2024, the date on which the financial statements were available to be issued.