LETTER TO SIGHTS FOR HOPE STAKEHOLDERS

February 2025

Dear Stakeholders,

We appreciate our responsibility to steward your support of Sights for Hope most effectively. When the COVID pandemic struck, we minimized our negative net revenue for 2019-2020. In each following year, we posted positive net revenue. Meanwhile, our affiliated endowment foundation increased in value from June 2020 to November 2024 by more than $220,000 and is worth about $2,900,000 presently.

That is why it is our duty to explain our financial performance during our 2023-2024 fiscal year, which ended June 30, 2024. Our audited 2023-2024 financial statements report negative net earnings of $237,243, or $167,721, not counting depreciation. Our IRS 990 return shows a negative net of $282,137, or $212,615 EBITDA.

In June 2023, we received about $265,000 in net IRS employee retention credits (ERC). We had applied for those credits several months before and it was unclear when they would arrive. However, we created our 2023-2024 budget confident in that funding. In fact, we believed that they would arrive in the 2023-2024 year and, if they had, the year's financial statements would look much differently.

During 2023-2024, we made several unrepeated investments in our organization – including renovations to our Lehigh Valley Services Center and educational equipment. Unfortunately, we also experienced circumstances beyond our control that hamstrung our fundraising efforts. Fortunately, those circumstances have not affected us in the current fiscal year and will not affect us moving forward.

Lehigh Valley Services Center
845 West Wyoming St.
Allentown, PA 18103
610.433.6018
Fax 610.433.4856

Monroe Services Center
4215 Manor Drive
Stroudsburg, PA 18360
570.992.7787
Fax 570.992.7772

Digital and Social Media
SightsforHope.org
@SightsforHope

In our current fiscal year to date, our fundraising program has been significantly stronger and more effective – exceeding expectations in multiple categories. We also have taken advantage of opportunities to decrease personnel costs through attrition. As of this writing, we are on pace to spend up to $200,000 less than in 2023-2024 and generate a positive net EBITDA.

We know that you expect your investment to be treated with respect and used wisely. We believe that our track record in prior years and our performance so far in this fiscal year encourage your sustained confidence. If you have questions or want to learn how we plan to make greater impacts in our communities, please reach me at 610.433.6018, or ask@sightsforhope.org.

We deeply appreciate your understanding and continued support.

Sincerely yours,

Dennis Zehner
Executive Director and CEO

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

Combined Financial Statements
and
Independent Auditor's Report

June 30, 2024

CAMPBELL, RAPPOLD & YURASITS LLP
Certified Public Accountants
1033 South Cedar Crest Boulevard Allentown, PA 18103

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, 2024, 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, 2024, 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 combined financial statements are available to be issued.

610-435-7489 • www.crycpas.com • 1033 South Cedar Crest Boulevard, Allentown, PA 18103-5443
MEMBERS: American Institute of Certified Public Accountants • Pennsylvania Institute of Certified Public Accountants

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 combined 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 2023 combined financial statements, and our report dated February 27, 2024, 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, 2023, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Campbell, Roppold & Yurasits LLP

February 20, 2025

SIGHTS FOR HOPE AND
SIGHTS FOR HOPE ENDOWMENT FOUNDATION
(Not-for-Profit Corporations)
COMBINED STATEMENT OF FINANCIAL POSITION
June 30, 2024
With Comparative Totals as of June 30, 2023

	Sights for Hope	Endowment Foundation	Total 2024	Total 2023
ASSETS:				
Cash and Cash Equivalents	$ 174,176	$ -	$ 174,176	$ 424,601
Grants and Accounts Receivable (Note 3)	120,791	-	120,791	60,586
Annuities Receivable	53,196	-	53,196	67,402
Inventory	31,719	-	31,719	16,636
Prepaid Expense	1,078	-	1,078	9,118
Land, Building and Equipment (Note 7)	804,647	-	804,647	847,160
Beneficial Interest in Perpetual Trusts (Note 5)	679,859	-	679,859	634,965
Long-Term Investments (Note 4)	-	2,969,655	2,969,655	2,813,435
TOTAL ASSETS	$ 1,865,466	$ 2,969,655	$ 4,835,121	$ 4,873,903
LIABILITIES AND NET ASSETS:				
Accounts Payable	$ 42,703	$ -	$ 42,703	$ 39,669
Accrued Wages	89,934	-	89,934	42,289
Custodial Funds	2,187	-	2,187	-
Deferred Revenue	3	-	3	10,628
TOTAL LIABILITIES	134,827	-	134,827	92,586
NET ASSETS:				
Without Donor Restrictions	1,024,516	2,776,646	3,801,162	3,949,079
With Donor Restrictions (Note 9)	706,123	193,009	899,132	832,238
TOTAL NET ASSETS	1,730,639	2,969,655	4,700,294	4,781,317
TOTAL LIABILITIES AND NET ASSETS	$ 1,865,466	$ 2,969,655	$ 4,835,121	$ 4,873,903

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, 2024
With Comparative Totals for the Year Ended June 30, 2023

	Without Donor Restrictions		With Donor Restrictions		2024	2023
	Sights for Hope	Endowment Foundation	Sights for Hope	Endowment Foundation	Total	Total
Revenues, Gains and Other Support						
Special Fund Raising Events	$ 59,747	$ -	$ -	$ -	$ 59,747	$ 56,134
Direct Cost of Events	6,272	-	-	-	6,272	7,252
Net Special Events Support	53,475	-	-	-	53,475	48,882
Resale - Merchandise and Aids	156,803	-	-	-	156,803	154,158
Cost of Goods Sold	119,514	-	-	-	119,514	150,140
	37,289	-	-	-	37,289	4,018
Governmental Support	366,132	-	-	-	366,132	308,997
Employee Retention Credit (Note 2)	-	-	-	-	-	308,125
Contributions	389,890	190,394	22,000	-	602,284	526,950
Contributed Nonfinancial Assets	2,490	-	-	-	2,490	7,164
Program Fees	42,092	-	-	-	42,092	35,104
Interest and Dividends	4,353	60,509	-	-	64,862	59,261
Insurance Proceeds	53,053	-	-	-	53,053	-
Loss on Disposal of Capital Assets	-	-	-	-	-	(2,801)
Realized Gain on Sale of Investments	-	83,305	-	-	83,305	20,756
Unrealized Gain on Investments	-	172,027	44,894	-	216,921	193,983
Total Revenues	948,774	506,235	66,894	-	1,521,903	1,510,439
Net Assets Released from Restrictions: Satisfaction of Program Restrictions	-	-	-	-	-	-
Total Revenues, Gains and Other Support	948,774	506,235	66,894	-	1,521,903	1,510,439
Expenses:						
Program Services:						
Client and Patient Services	955,396	-	-	-	955,396	904,574
Prevention Services	96,152	-	-	-	96,152	98,067
Total Program Services	1,051,548	-	-	-	1,051,548	1,002,641
Supporting Services:						
Management and General	256,539	15	-	-	256,554	272,881
Fund Raising	294,824	-	-	-	294,824	194,073
Total Supporting Services	551,363	15	-	-	551,378	466,954
Total Expenses	1,602,911	15	-	-	1,602,926	1,469,595
Transfer to/from Foundation	350,000	(350,000)	-	-	-	-
Change in Net Assets	(304,137)	156,220	66,894	-	(81,023)	40,844
NET ASSETS AT BEGINNING OF YEAR	1,328,653	2,620,426	639,229	193,009	4,781,317	4,740,473
NET ASSETS AT END OF YEAR	$ 1,024,516	$ 2,776,646	$ 706,123	$ 193,009	$ 4,700,294	$ 4,781,317

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, 2024 and 2023

Cash Flows from Operating Activities:	2024	2023
Change in Net Assets	$ (81,023)	$ 40,844
Adjustments to Reconcile Change in Net Assets		
to Net Cash Used by Operating Activities:		
Depreciation	69,522	72,980
Change in Value of Split Interest Agreement	(44,894)	(6,724)
Unrealized Gain on Investments	(172,027)	(187,259)
Realized Gain on Sale of Investments	(83,305)	(20,756)
Noncash Donation of Land, Building and Equipment	(2,490)	(7,164)
Loss on Disposal of Capital Assets	-	2,801
Changes in Assets and Liabilities:		
(Increase) in Grants and Accounts Receivable	(60,205)	(50,025)
Decrease in Annuities Receivable	14,206	12,651
(Increase) Decrease in Inventory	(15,083)	28,586
Decrease in Prepaid Expense	8,040	3,227
Increase (Decrease) in Accounts Payable	3,034	(1,900)
Increase (Decrease) in Accrued Wages	47,645	(7,277)
Increase in Custodial Funds	2,187	-
Increase (Decrease) in Deferred Revenue	(10,625)	2,380
Net Cash Used by Operating Activities	(325,018)	(117,636)
Cash Flows from Investing Activities:		
Purchases of Land, Building and Equipment	(24,519)	(30,779)
Proceeds from Disposal of Land, Building and Equipment	-	2,198
Proceeds from Sales of Investments	569,489	419,419
Purchases of Investments	(470,377)	(78,828)
Net Cash Provided by Investing Activities	74,593	312,010
Net Increase (Decrease) in Cash and Cash Equivalents	(250,425)	194,374
Cash and Cash Equivalents at the Beginning of Year	424,601	230,227
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 174,176	$ 424,601
Supplemental Disclosure of Cash Flow Information		
Contributed Nonfinancial Assets:		
Equipment	$ 2,490	$ 7,164

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, 2024
With Comparative Totals for the Year Ended June 30, 2023

	Program Services		
	Client and Patient Services	Prevention Services	Total
Salaries	$ 558,049	$ 50,795	$ 608,844
Payroll Taxes	44,829	4,096	48,925
Employee Benefits	43,436	4,928	48,364
Total Salaries and Related Expenses	646,314	59,819	706,133
Advertising/Marketing	-	-	-
Professional Fees	11,267	-	11,267
Bank and Merchant Fees	-	-	-
Supplies	25,423	2,227	27,650
Resale - Merchandise and Aids Cost of Goods Sold	119,514	-	119,514
Telephone/Internet/Website	25,599	3,223	28,822
Postage and Printing	8,248	145	8,393
Insurance	39,580	5,422	45,002
Occupancy	62,037	8,502	70,539
Local Travel	43,519	-	43,519
Dues, Conferences and Meetings	4,514	618	5,132
PAB Administrative Fee	24,574	8,191	32,765
Miscellaneous	758	(4)	754
Equipment Rental and Maintenance	7,712	1,057	8,769
Client Activities Expenses	4,650	-	4,650
Client Assistance Funds	450	-	450
Special Events	-	-	-
Rental Unit Expense	-	-	-
Total Expenses Before Depreciation	1,024,159	89,200	1,113,359
Depreciation	50,751	6,952	57,703
TOTAL EXPENSES BY FUNCTION	1,074,910	96,152	1,171,062
Less Expenses Included with Revenues on the Statement of Activities			
Resale- Merchandise and Aids Cost of of Goods Sold	(119,514)	-	(119,514)
Cost of Direct Benefits to Donors	-	-	-
Total Expenses Included in the Expense Section on the Statement of Activities	$ 955,396	$ 96,152	$ 1,051,548

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

Supporting Services				
Management and General	Fund Raising	Total	2024 Totals	2023 Totals
$ 90,201	$ 146,421	$ 236,622	$ 845,466	$ 743,905
8,255	11,378	19,633	68,558	61,049
20,768	24,196	44,964	93,328	80,283
119,224	181,995	301,219	1,007,352	885,237
-	33,498	33,498	33,498	11,760
103,072	-	103,072	114,339	127,266
5,167	-	5,167	5,167	5,089
2,227	1,559	3,786	31,436	30,538
-	-	-	119,514	150,140
3,223	23,688	26,911	55,733	51,198
145	38,300	38,445	46,838	43,647
5,422	3,795	9,217	54,219	55,611
8,502	5,952	14,454	84,993	94,003
-	-	-	43,519	37,501
1,449	433	1,882	7,014	12,152
-	-	-	32,765	25,281
114	(3)	111	865	(95)
1,057	740	1,797	10,566	10,496
-	-	-	4,650	2,077
-	-	-	450	785
-	6,272	6,272	6,272	7,252
-	-	-	-	4,069
249,602	296,229	545,831	1,659,190	1,554,007
6,952	4,867	11,819	69,522	72,980
256,554	301,096	557,650	1,728,712	1,626,987
-	-	-	(119,514)	(150,140)
-	(6,272)	(6,272)	(6,272)	(7,252)
$ 256,554	$ 294,824	$ 551,378	$ 1,602,926	$ 1,469,595

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.

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.

2. Summary of Significant Accounting Policies (Continued)

Grants and Accounts Receivable

The Organizations receive grants from state and local agencies to be used for specific programs. The excess of reimbursable expenditures of cash receipts is included in grants and accounts receivable at year-end. The Organizations believe their accounts receivable are collectible; accordingly, there was no provision for uncollectible accounts receivable at June 30, 2024 and 2023.

Allowance for Credit Losses

An allowance for credit losses for accounts receivable related to grants and other receivables is estimated based on current and future expected economic conditions, past experiences of losses, as well as an assessment of potential recoverability of the balance due. The Organizations review all receivables on an individual basis monthly and perform an analysis based on prior collection history, attempts to collect and current and future expected economic conditions. Using this information, the Organizations determine the probability of collection and calculates an estimate of potential loss and the probability of loss. For those accounts in which a loss is probable, the Organizations record a specific reserve through a charge to earnings and a credit to a valuation allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants and accounts receivable.

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, 2024, 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.

2. Summary of Significant Accounting Policies (Continued)

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.

	Years
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.

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 Organizations. 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.

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 2024.

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 2022.

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, 2023 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 the 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.

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

2. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Standard

On July 1, 2023, the Organizations adopted Accounting Standards Update 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organizations adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organizations' combined financial statements, but did change how the allowance for credit losses is determined. Under the new standards, management is required to consider specific situations related to the receivable balance, current and future expected economic conditions, past experience of losses, as well as an assessment of potential recoverability for expected credit losses in determining an allowance for uncollectible accounts.

3. Grants and Accounts Receivable

Grants and accounts receivable consist of the following:

	2024	2023
Miscellaneous Grants	50,154	59,423
Insurance Proceeds	48,013	-
Other	22,624	1,163
	$ 120,791	$ 60,586

4. Long-Term Investments

Cost and fair values of the investments are as follows:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Endowment Foundation Funds				
Cash Held for Investment	$ 221,115	$ 221,115	$ 107,148	$ 107,148
Mutual Funds	2,263,269	2,748,540	2,362,684	2,706,287
	$ 2,484,384	$ 2,969,655	$ 2,469,832	$ 2,813,435

Investment fees have been netted against interest income and totaled $19,474 and $19,269 for the years ended June 30, 2024 and 2023, respectively.

	Endowment Foundation June 30,	
	2024	2023
Income	$ 60,509	$ 58,948
Realized Gain	83,305	20,756
Unrealized Gain	172,027	187,259
	$ 315,841	$ 266,963

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.

5. Beneficial Interest in Perpetual Trusts (Continued)

For the year end June 30, 2024 SFH recorded an unrealized gain in perpetual trust of $44,894 compared to an unrealized gain of $6,724 in 2023.

SFH also received distributions from the beneficial interest in perpetual trusts in the amount of $19,812 and $35,879 for the years ending June 30, 2024 and 2023, 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, 2024 and 2023 was $679,859 and $634,965, 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:

- 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.

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.

6. Fair Value Measurements (Continued)

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

Money market funds and mutual funds: Valued at the net asset value ("NAV") of shares held by the Organizations at year end.

Beneficial Interest in Perpetual Trusts: Sights for Hope is the beneficiary of certain perpetual trusts held and administered by others which are estimated at the fair value of the Sights for Hope'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, 2024 and 2023:

	Assets at Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 221,115	$ -	$ -	$ 221,115
Mutual Funds	2,748,540	-	-	2,748,540
Beneficial Interest in Perpetual Trusts	-	-	679,859	679,859
	$ 2,969,655	$ -	$ 679,859	$ 3,649,514

	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
	$ 2,813,435	$ -	$ 634,965	$ 3,448,400

7. Land, Building and Equipment

Land, building, and equipment consist of the following:

	2024	2023
Land	$ 82,500	$ 82,500
Buildings and Improvements	1,344,090	1,344,090
Vehicles	175,821	162,876
Equipment	259,567	245,504
	1,861,978	1,834,970
Accumulated Depreciation	(1,057,331)	(987,810)
	$ 804,647	$ 847,160

Depreciation charged to expense was $69,522 and $72,980 for the years ended June 30, 2024 and 2023, 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.

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, 2024, the Board of Directors had board designated endowment funds of $2,776,646 that are classified and reported as net assets without donor restrictions.

As of June 30, 2024, 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	2,776,646	-	2,776,646
	$ 2,776,646	$ 193,009	$ 2,969,655

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2023	$ 2,620,426	$ 193,009	$ 2,813,435
Gifts and Contributions	190,394	-	190,394
Investment Income	60,509	-	60,509
Net Appreciation	255,332	-	255,332
Amounts Released for Operations	(350,015)	-	(350,015)
Balance at June 30, 2024	$ 2,776,646	$ 193,009	$ 2,969,655

8. Endowment Funds (Continued)

As of June 30, 2023, 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	2,620,426	-	2,620,426
	$ 2,620,426	$ 193,009	$ 2,813,435

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

	Without Donor Restrictions	With Donor Restrictions	Total
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	(401,158)	-	(401,158)
Balance at June 30, 2023	$ 2,620,426	$ 193,009	$ 2,813,435

9. Net Assets with Donor Restrictions

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

	2024	2023
Camp I Can	$ 4,000	$ 4,000
Transportation	22,000	-
Client Help Fund	264	264
Perpetual Trusts	679,859	634,965
	706,123	639,229
Endowment Foundation- Investments Held in Perpetuity	193,009	193,009
	$ 899,132	$ 832,238

10. Contributed Nonfinancial Assets

Contributed nonfinancial assets are comprised of:

	Year Ended June 30,		Usage
	2024	2023	
Vision Screener and Printer	$ 2,490	$ 7,164	Programming
Vehicle	2,490	-	Programming
	$ 4,980	$ 7,164	

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

11. Advertising Expense

Advertising costs are expensed as incurred and were $33,498 and $11,760 for the year ended June 30, 2024 and 2023, respectively.

12. 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 2028. 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 $33,912 and $31,471 for the year ended June 30, 2024 and 2023, respectively.

Minimum lease payments under the operating leases are as follows:

June 30,	
2025	$ 33,912
2026	5,364
2027	3,818
2028	3,576
2029	2,086
	$ 48,756

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, 2024		
	Sights for Hope	Endowment Foundation	Total
Cash and Cash Equivalents	$ 174,176	$ -	$ 174,176
Investments	-	2,969,655	2,969,655
Grants and Accounts Receivable	120,791	-	120,791
Less: Amounts with Donor Restrictions	(26,264)	(193,009)	(219,273)
	$ 268,703	$ 2,776,646	$ 3,045,349

	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
Grants and Accounts Receivable	60,586	-	60,586
Less: Amounts with Donor Restrictions	(4,264)	(193,009)	(197,273)
	$ 480,923	$ 2,620,426	$ 3,101,349

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 events and transactions for potential recognition or disclosure through February 20, 2025, the date on which the financial statements were available to be issued. No subsequent events have occurred that require recognition or disclosure.