

Sankara Eye Foundation, USA

Financial Statements

December 31, 2020 and 2019

INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report	1
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses - 2020	5
Statement of Functional Expenses - 2019.....	6
Statements of Cash Flows	7
Notes to Financial Statements	8



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sankara Eye Foundation, USA

Report on the Financial Statements

We have audited the accompanying financial statements of Sankara Eye Foundation, USA (the Foundation), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sankara Eye Foundation, USA as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BAKER TILLY US, LLP

Baker Tilly US, LLP

San Francisco, California

September 22, 2021

SANKARA EYE FOUNDATION, USA
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS

	2020	2019
Current Assets		
Cash and cash equivalents	\$ 7,894,571	\$ 7,733,526
Receivables - net		
Events	-	312,889
Other	5,100	13,798
Investments	7,129	193,874
Prepaid expenses and other current assets	1,500	1,500
Total current assets	7,908,300	8,255,587
Property and Equipment - net	5,366	7,362
Deposits	3,240	3,240
Total assets	\$ 7,916,906	\$ 8,266,189

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payables	\$ 11,474	\$ 12,455
Accrued liabilities	-	2,339
Paycheck Protection Program loan	41,822	-
Total current liabilities	53,296	14,794
Commitments (Note 9)		
Net Assets		
Without donor restrictions	5,217,951	4,727,649
With donor restrictions	2,645,659	3,523,746
Total net assets	7,863,610	8,251,395
Total liabilities and net assets	\$ 7,916,906	\$ 8,266,189

SANKARA EYE FOUNDATION, USA
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	December 31, 2020			December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES						
Support						
Grants and contributions	\$ 2,969,220	\$ 4,061,173	\$ 7,030,393	\$ 3,479,120	\$ 2,739,191	\$ 6,218,311
Revenues						
Interest and dividends	39,972	-	39,972	42,575	-	42,575
Unrealized and realized gain (loss) on investments	1,989	-	1,989	7,303	-	7,303
Total revenues	41,961	-	41,961	49,878	-	49,878
Net assets released from restrictions - satisfaction of program restrictions	4,939,260	(4,939,260)	-	2,200,000	(2,200,000)	-
Total support and revenues	7,950,441	(878,087)	7,072,354	5,728,998	539,191	6,268,189
FUNDRAISING EVENTS						
Revenues from special events	2,366	-	2,366	1,294,698	-	1,294,698
Less - cost of direct benefits to attendees	(3,310)	-	(3,310)	(1,158,003)	-	(1,158,003)
Total fundraising events	(944)	-	(944)	136,695	-	136,695
Total support and revenues and fundraising events	7,949,497	(878,087)	7,071,410	5,865,693	539,191	6,404,884
EXPENSES						
Program services						
Capital projects	4,687,291	-	4,687,291	2,239,573	-	2,239,573
Cataract surgeries	1,786,719	-	1,786,719	3,106,057	-	3,106,057
COVID-19	291,688	-	291,688	-	-	-
Total program services	6,765,698	-	6,765,698	5,345,630	-	5,345,630
Supporting services						
Fundraising	285,486	-	285,486	674,048	-	674,048
Management and general	408,011	-	408,011	373,347	-	373,347
Total expenses	7,459,195	-	7,459,195	6,393,025	-	6,393,025
CHANGE IN NET ASSETS	490,302	(878,087)	(387,785)	(527,332)	539,191	11,859
NET ASSETS - beginning of year	4,727,649	3,523,746	8,251,395	5,254,981	2,984,555	8,239,536
NET ASSETS - end of year	\$ 5,217,951	\$ 2,645,659	\$ 7,863,610	\$ 4,727,649	\$ 3,523,746	\$ 8,251,395

SANKARA EYE FOUNDATION, USA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Services				Supporting Services		
	Capital Projects	Cataract Surgeries	COVID-19	Total	Fundraising	Management and General	Total
Grants	\$ 4,652,260	\$ 1,724,320	\$ 287,000	\$ 6,663,580	\$ -	\$ -	\$ 6,663,580
Cost of special events							
Venue and equipment rental	-	-	-	-	3,310	-	3,310
Advertising and promotions	-	35,162	4,688	39,850	200,383	-	240,233
Salaries and benefits	30,248	17,852	-	48,100	64,218	76,622	188,940
Professional fees	-	-	-	-	-	148,807	148,807
Bank fees	-	-	-	-	-	76,543	76,543
Building occupancy	3,403	6,806	-	10,209	-	57,847	68,056
Bad debts expense	-	-	-	-	-	22,054	22,054
Production and design	1,102	2,205	-	3,307	-	18,742	22,049
Supplies	59	117	-	176	9,378	995	10,549
Printing and publications	120	60	-	180	7,461	-	7,641
Telecommunications	-	-	-	-	2,371	2,370	4,741
Insurance	-	-	-	-	-	2,035	2,035
Depreciation	-	-	-	-	-	1,996	1,996
Postage and shipping	99	197	-	296	1,675	-	1,971
Total expenses by function	4,687,291	1,786,719	291,688	6,765,698	288,796	408,011	7,462,505
Less - expenses with revenues on the statement of activities							
Special events - cost of direct benefits to attendees	-	-	-	-	(3,310)	-	(3,310)
	\$ 4,687,291	\$ 1,786,719	\$ 291,688	\$ 6,765,698	\$ 285,486	\$ 408,011	\$ 7,459,195

SANKARA EYE FOUNDATION, USA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Services		Supporting Services			
	Cataract surgeries	Capital Projects	Total	Fundraising	Management and General	Total
Grants	\$ 3,014,845	\$ 2,200,000	\$ 5,214,845	\$ -	\$ -	\$ 5,214,845
Cost of special events						
Artist	-	-	-	545,577	-	545,577
Venue and equipment rental	-	-	-	524,808	-	524,808
Production cost	-	-	-	63,350	-	63,350
Other	-	-	-	24,268	-	24,268
Advertising and promotions	49,535	-	49,535	496,886	-	546,421
Salaries and benefits	31,669	31,985	63,654	65,106	162,054	290,814
Bank fees	-	-	-	-	72,685	72,685
Printing and publications	1,153	2,306	3,459	68,560	-	72,019
Building occupancy	6,370	3,187	9,557	-	54,180	63,737
Professional fees	-	-	-	-	48,986	48,986
Supplies	-	-	-	24,220	18,060	42,280
Postage and shipping	1,917	959	2,876	17,001	-	19,877
Production and design	568	1,136	1,704	-	9,653	11,357
Telecommunications	-	-	-	2,275	2,275	4,550
Depreciation	-	-	-	-	2,786	2,786
Insurance	-	-	-	-	2,668	2,668
Total expenses by function	3,106,057	2,239,573	5,345,630	1,832,051	373,347	7,551,028
Less - expenses with revenues on the statement of activities						
Special events - cost of direct benefits to attendees	-	-	-	(1,158,003)	-	(1,158,003)
	<u>\$ 3,106,057</u>	<u>\$ 2,239,573</u>	<u>\$ 5,345,630</u>	<u>\$ 674,048</u>	<u>\$ 373,347</u>	<u>\$ 6,393,025</u>

SANKARA EYE FOUNDATION, USA
STATEMENTS OF CASH FLOW
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (387,785)	\$ 11,859
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Bad debts expense	22,054	-
Donated investments	(121,181)	(50,772)
Unrealized and realized gain on investments	(1,989)	(7,303)
Depreciation	1,996	2,786
Changes in operating assets and liabilities		
Receivables	299,533	(6,881)
Prepaid expenses and other current assets	-	78,650
Accounts payable	(981)	(82,254)
Accrued liabilities	(2,339)	(12,867)
Net cash used in operating activities	(190,692)	(66,782)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	309,915	1,089,115
Purchases of investments	-	(2,742)
Net cash provided by investing activities	309,915	1,086,373
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	41,822	-
Net cash provided by financing activities	41,822	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	161,045	1,019,591
CASH AND CASH EQUIVALENTS - beginning of year	7,733,526	6,713,935
CASH AND CASH EQUIVALENTS - end of year	\$ 7,894,571	\$ 7,733,526

SANKARA EYE FOUNDATION, USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

1. NATURE OF ORGANIZATION AND PROGRAMS

Sankara Eye Foundation, USA (the Foundation) is a California not-for-profit organization, formed to eradicate curable blindness in India, by raising funds for surgeries and to build specialty eye-care hospitals across India.

The Foundation raises funds through online, mail and phone donations and organized events. Those funds are transmitted to Sri Kanchi Kamakoti Medical Trust for cataract surgeries and capital projects, consisting primarily of the construction of eye care facilities in India. In 2017, the Foundation started to transmit funds to various third-party providers of cataract surgeries in India.

During 2020, the Foundation raised and granted funds to charitable organizations in response to the COVID-19 pandemic.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America for Not-for-Profit Organizations (U.S. GAAP).

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SANKARA EYE FOUNDATION, USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash greater than FDIC insurance of \$250,000 with each financial institution, cash equivalents and investments. Risk associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Investments are protected under the Securities Investor Protection Corporation (SIPC) up to \$500,000. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds in bank accounts and highly liquid investments with original maturities of three months or less from date of acquisition unless the investments are held for meeting restrictions of a capital or endowment nature.

Investments

Investments consist of common stocks and mutual funds, which are stated at fair values, determined based on quoted market prices. Investments with maturities of less than one year as of the statement of financial position are classified as short-term. Investments with maturities of more than one year as of the date of the statement of financial position are classified as long-term. Unrealized gains and losses resulting from market fluctuations are recognized in the period such fluctuations occur. For purposes of determining realized gains or losses, the cost of securities sold was computed based on the weighted average method. Interest and dividends are recognized when earned.

Fair Value Measurements

The Foundation considers the use of market-based information over entity-specific information in valuing its investments, using a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 inputs to the valuation methodology – quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology - quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the investment.
- Level 3 inputs to the valuation methodology - unobservable and significant to the fair value measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants at the measurement date.

SANKARA EYE FOUNDATION, USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

An asset or liability's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other practices, 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.

Property and Equipment

Property and equipment more than \$1,000 are stated at cost less accumulated depreciation. Repairs and maintenance are expensed as incurred and significant renewals and betterments are capitalized. Depreciation is computed using a straight-line method over the following estimated useful lives:

<u>Type of Property</u>	<u>Estimated Useful Life (In Years)</u>
Office equipment	3 to 10

Revenue Recognition

Contributions

Contributions, including unconditional promises to give, are recognized when received as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

SANKARA EYE FOUNDATION, USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributions (continued)

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. The fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

The Foundation provides an allowance for doubtful accounts based upon management's evaluation of the collectability of individual promises. Contributions receivable are written off against the allowance when it is probable that the receivable will not be collected. There is \$22,054 of allowance for doubtful accounts as of December 31, 2020 and none in 2019.

Contributed securities are recorded at fair value on the date of receipt.

Event Revenue

Revenue recognition for event revenue is accounted for under Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers (Topic 606)*, through the following five steps: (i) identification of the contract with a customer; (ii) identification of the performance obligation in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price in the contract; and (v) recognition of revenue when or as a performance obligation is satisfied.

Contracts generally consist of tickets for various events that the Foundation hosts over the duration of the year. The Foundation's performance obligation is to conduct the event for which tickets are sold. The transaction price is determined when the participant purchases an event ticket. In certain instances, the Foundation will offer discounts on tickets, and in cases where an event is cancelled or delayed, a full refund will be offered to the participant. Revenue is recognized when the event occurs.

Gifts-in-Kind

Gifts-in-kind are recorded as support and expenses in the accompanying financial statements at their estimated fair market values on the date of the donation.

The Foundation benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services to the Foundation's program operations and fundraising campaigns. However, the majority of contributed services do not meet the criteria for recognition in the financial statements. U.S. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

SANKARA EYE FOUNDATION, USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Gifts-in-Kind (continued)

In addition, the volunteer service hours provided during the years ended December 31, 2020 and 2019, totaled approximately 1,740 hours valued at approximately \$24,000 respectively, using the California minimum wage rate. These volunteer service hours did not require specialized skills and did not meet the recognition criteria set forth under U.S. GAAP. Consequently, these were not recorded as support and expenses.

Tax Status

The Foundation has been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code (IRC) and by the California Franchise Tax Board under Section 23701(d) of the California Revenue and Taxation Code. Contributions to the Foundation are tax deductible to donors under Section 170 of the IRC. Accordingly, no provision for income tax has been made in the accompanying financial statements. The Foundation is not classified as a private foundation.

U.S. GAAP provides disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and does not believe that the Foundation has any uncertain tax positions that require disclosure or adjustment to the financial statements. The Foundation's returns are subject to examination by federal and state taxing authorities, generally for three to four years, respectively, after they are filed.

Advertising and Promotion

Advertising and promotion expenses are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited on the basis of staff time utilized and the ultimate purpose of the expenditure.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

SANKARA EYE FOUNDATION, USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses (continued)

Certain costs of special fund-raising events, such as costs of direct benefits to attendees that are provided in exchange transactions, are deducted from special event revenues.

Recent Accounting Standards

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, Leases (Topic 842) (“ASU 2016-02”) for lease accounting to increase transparency and comparability among companies by requiring the recognition of lease assets and lease liabilities by lessees. The new standard will be effective for the Foundation for the fiscal year ending December 31, 2022. The Foundation is currently evaluating the timing of its adoption and its impact on its financial statements.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation’s Board approves the overall budget and grants made to other charitable organizations.

The Foundation’s financial assets available for general expenditure, within one year from December 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 7,894,571	\$ 7,733,526
Receivables	5,100	326,687
Investments	7,129	193,874
Total financial assets	<u>7,906,800</u>	<u>8,254,087</u>
Less - amounts not available to be used within one year:		
Net assets with purpose restrictions	<u>(2,645,659)</u>	<u>(3,523,746)</u>
Financial assets available for general expenditures	<u>\$ 5,261,141</u>	<u>\$ 4,730,341</u>

SANKARA EYE FOUNDATION, USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2020 and 2019, investments which are measured at fair value on a recurring basis are as follows:

	<u>2020</u>	<u>2019</u>
US Common Stocks	-	33,634
Mutual funds	7,129	160,240
	<u>\$ 7,129</u>	<u>\$ 193,874</u>

All investments are classified as Level 1.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 24,833	\$ 24,833
Less - accumulated depreciation	<u>(19,467)</u>	<u>(17,471)</u>
	<u>\$ 5,366</u>	<u>\$ 7,362</u>

Depreciation expense was \$1,996 and \$2,786 for the years ended December 31, 2020 and 2019, respectively.

6. PAYCHECK PROTECTION PROGRAM LOAN

On May 4, 2020, the Foundation received loan proceeds in the amount of \$41,822 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight or 24-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over two years at an interest rate of 1% with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, 10 months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties. Among other factors, loan eligibility is contingent upon economic uncertainty and necessity. The determination of necessity includes access to liquidity available to support the ongoing operations of the Foundation.

SANKARA EYE FOUNDATION, USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

6. PAYCHECK PROTECTION PROGRAM LOAN (continued)

The Foundation met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness during March of 2021. When legal release is received, the Foundation will record the amount forgiven as forgiveness income within its statement of activities. In June 2021, the Organization received legal release from the SBA, and therefore, will record the amount forgiven, \$41,822, as forgiveness income in its 2021 statement of activities.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Capital Projects	\$ 2,580,505	\$ 3,523,746
COVID-19	65,154	-
	<u>\$ 2,645,659</u>	<u>\$ 3,523,746</u>

8. RETIREMENT PLAN

The Foundation has a 403(b) retirement plan (the Plan) covering substantially all eligible employees. The Foundation may make discretionary contributions to the Plan. All employees who have completed 12 months of continuous employment and were employed for 500 hours in a Plan year are eligible to participate in the Plan. Eligible employees become fully vested after one year of service. The Foundation did not contribute to the Plan for the years ended December 31, 2020 and 2019, respectively.

SANKARA EYE FOUNDATION, USA
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

9. COMMITMENTS

The Foundation leases an office space in Milpitas, California under an operating lease agreement effective January 1, 2019 and will expire on December 31, 2023. The total rent expense was \$68,056 and \$63,737 for the years ended December 31, 2020 and 2019, respectively.

Future minimum lease commitments under non-cancelable operating leases are as follows:

<u>Years Ending December 31</u>	
2021	\$ 65,868
2022	67,848
2023	<u>69,888</u>
	<u>\$ 203,604</u>

10. RISKS AND UNCERTAINTIES

With respect to the ongoing and evolving coronavirus (COVID-19) outbreak, which was designated as a pandemic by the World Health Organization on March 11, 2020, the outbreak has caused a substantial disruption in international and U.S. economies and market. To minimize the negative impact of COVID-19 on its operations, the Foundation cancelled its events and applied for the PPP loan (refer to Note 6). The Foundation's results of operations could be adversely affected to the extent that coronavirus or any other epidemic harms the global economy. The ultimate impact on the Foundation cannot be determined as of the date of this report and, as such, no adjustments related to this matter were made to the financial statements. Management will continue to monitor the development and the effect of COVID-19 on the Foundation's results of operations and financial condition and adjust plans as necessary.

11. SUBSEQUENT EVENTS

In January 2021, the Foundation applied for and received \$41,822, as a second draw of the PPP loan (PPP2 Loan) under the 2021 Consolidated Appropriations Act. In June 2021, the Foundation received forgiveness from SBA for the full PPP1 loan of \$41,822 .

The Foundation has evaluated subsequent events through September 22, 2021 the date the financial statements were available to be issued.