

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK

**TABLE OF CONTENTS
DECEMBER 31, 2020 AND 2019**

		<u>Page Number</u>
Independent Auditors' Report		1
Statements of Financial Position	Exhibit A	2
Statements of Activities	Exhibit B	3
Statements of Functional Expenses	Exhibit C	4
Statements of Cash Flows	Exhibit D	6
Notes to Financial Statements	Exhibit E	7



LEWIS, KAUFMAN, REID, STUKEY, GATTIS & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Christian Ophthalmic Surgery Expedition Network
5407 Nova Scotia Court
Amarillo, TX 79119

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Christian Ophthalmic Surgery Expedition Network (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and 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.

Auditor's 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 auditor's 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 Christian Ophthalmic Surgery Expedition Network 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.

Lewis, Kaufman, Reid, Stukey, Gattis & Co. P.C.
Lewis, Kaufman, Reid, Stukey, Gattis & Co., P.C.
Plainview, Texas
August 26, 2021



CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK**STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019**

	ASSETS	
	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash	\$ 115,624	571,051
Investments	1,880,419	7,913
Property and Equipment, Net	<u>-</u>	<u>1,281</u>
TOTAL ASSETS	\$ <u>1,996,043</u>	<u>580,245</u>
	LIABILITIES AND NET ASSETS	
<u>LIABILITIES</u>		
Accounts Payable	\$ <u>28</u>	<u>4,000</u>
	<u>28</u>	<u>4,000</u>
<u>NET ASSETS</u>		
Without Restrictions	<u>1,996,015</u>	<u>576,245</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,996,043</u>	<u>580,245</u>

The accompanying notes are an integral part
of the financial statements.

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK**STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<u>Revenue and other support:</u>		
Contributions	\$ 2,191,055	568,921
Non-Cash Contributions	2,326,189	5,276,078
Net Investment Income	769	147
Net Investment Gains	<u>80,254</u>	<u>1,302</u>
Total	<u>4,598,267</u>	<u>5,846,448</u>
 <u>Expenses:</u>		
Program expenses	3,169,198	5,895,040
General and administrative	9,299	6,816
Fundraising	<u>-</u>	<u>-</u>
Total	<u>3,178,497</u>	<u>5,901,856</u>
Change in net assets	1,419,770	(55,408)
Net Assets, Beginning of Year	<u>576,245</u>	<u>631,653</u>
Net Assets, End of Year	<u>\$ 1,996,015</u>	<u>576,245</u>

The accompanying notes are an integral part
of the financial statements.

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK**STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>			<u>Totals</u>
	<u>Program Services</u>	<u>Supporting Services</u>		
		<u>Administrative and General</u>	<u>Fundraising</u>	
Grants	\$ 710,045	-	-	710,045
Legal & Professional	-	5,167	-	5,167
Occupancy	9,354	-	-	9,354
Office Expense	-	2,161	-	2,161
Travel	79,071	-	-	79,071
Interest Expense	-	1,971	-	1,971
Depreciation	1,281	-	-	1,281
Medical Supplies	1,434,147	-	-	1,434,147
Volunteer Labor	<u>935,300</u>	<u>-</u>	<u>-</u>	<u>935,300</u>
Total Expenses	\$ <u>3,169,198</u>	<u>9,299</u>	<u>-</u>	<u>3,178,497</u>

The accompanying notes are an integral part of the financial statements.

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK**STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2020 and 2019**

	2019			<u>Totals</u>
	<u>Program Services</u>	<u>Supporting Services</u>		
		<u>Administrative and General</u>	<u>Fundraising</u>	
Grants	\$ 166,075	-	-	166,075
Legal & Professional	-	4,336	-	4,336
Occupancy	20,331	-	-	20,331
Office Expense	-	2,480	-	2,480
Travel	137,981	-	-	137,981
Depreciation	2,562	-	-	2,562
Medical Supplies	3,620,591	-	-	3,620,591
Volunteer Labor	<u>1,947,500</u>	<u>-</u>	<u>-</u>	<u>1,947,500</u>
Total Expenses	<u>\$ 5,895,040</u>	<u>6,816</u>	<u>-</u>	<u>5,901,856</u>

The accompanying notes are an integral part of the financial statements.

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK**STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$1,419,770	(55,408)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,281	2,562
Net Investment Gains	(80,254)	(1,302)
Changes in Assets and Liabilities:		
Accounts Payable	<u>(3,972)</u>	<u>2,053</u>
Net Cash Provided (Used) by Operating Activities:	<u>1,336,825</u>	<u>(52,095)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of Investments	2,449,157	-
Purchase of Investments	<u>(4,241,409)</u>	<u>(96)</u>
Net Cash Used by Investing Activities:	<u>(1,792,252)</u>	<u>(96)</u>
Net Change in Cash	(455,427)	(52,191)
Cash, Beginning of Year	<u>571,051</u>	<u>623,242</u>
Cash, End of Year	<u>\$ 115,624</u>	<u>571,051</u>
Non-Cash Operating Activity:		
Medical Supplies Contributed for Surgeries	\$1,390,889	3,328,578
Volunteer Labor Contributed for Surgeries	<u>935,300</u>	<u>1,947,500</u>
	<u>\$2,326,189</u>	<u>5,276,078</u>

The accompanying notes are an integral part of the financial statements.

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES***Nature of Organization:***

Christian Ophthalmic Surgery Expedition Network (ChOSEN), a nonprofit organization, was founded in 2014 by ophthalmologists in Amarillo, Texas, and was incorporated and chartered under the laws of the State of Texas. The purpose of ChOSEN is to share the Gospel of Jesus Christ through compassion and healing and providing ophthalmic surgeries consistent with the highest standards of the profession for impoverished individuals, particularly those residing in developing nations. ChOSEN's purpose also includes recruiting healthcare professionals interested in ChOSEN's mission and training them to assist in these ophthalmic surgeries. Because of the Covid 19 pandemic travel restrictions, ChOSEN was able to fund two surgery expeditions to Mexico in 2020 and funded five expeditions to Mexico in 2019. ChOSEN is supported primarily through contributions from healthcare professionals and by non-cash donations as detailed below.

Basis of Accounting:

The financial statements have been prepared utilizing the accrual basis of accounting in which revenues are recognized when earned and expenses when incurred, in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations.

Net Assets and Financial Statement Presentation:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows based on Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities issued August 18, 2016:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-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 those resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)*****Net Assets and Financial Statement Presentation (Continued):***

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. When a restriction expires, 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.

Revenue Recognition:

Revenue is recognized when earned. Program service fees are recognized in the applicable period in which the related services are performed. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributed Services and Medical Supplies:***Services:***

ChOSEN received a substantial amount of services donated by healthcare professionals in carrying out ChOSEN's purpose. The professionals include cataract and retina surgeons, surgical technicians and nurses. The value of the surgeries is based on the Medicare rate in the United States and was \$700 per cataract surgery and \$1,400 per retina surgery. The value of the surgical technicians and nurses is based on \$20 per hour for their estimated volunteer hours during the year. ChOSEN's volunteers performed 855 cataract and 222 retina surgeries in 2020 and 2,081 cataract and 297 retina surgeries in 2019. The total value of these contributed services for the years ended December 31, 2020 and 2019 was \$935,300 and \$1,947,500, respectively, and are included in program expenses on the Statements of Activities.

Medical Supplies:

ChOSEN received a substantial amount of medical supplies donated primarily by the Alcon Medical Missions Program (Alcon) in carrying out ChOSEN's purpose. These ophthalmic supplies are valued at the invoice amount received from Alcon, which approximates cost to an ophthalmic clinic. The total value of these contributed supplies for the years ended December 31, 2020 and 2019 was \$1,390,889 and \$3,328,578, respectively, and are included in program expenses on the Statements of Activities.

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)*****Inventory:***

Inventory consists of donated medical supplies as detailed above and is valued at the invoice amount from Alcon for those supplies received in one year and used for a surgical mission expedition the next year. Inventory for the years ended December 31, 2020 and 2019 was \$0 since all supplies were used in the year they were donated.

Investments:

ChOSEN accounts for its investments based on the guidance of ASC No. 958. Investments in marketable securities with readily determinable fair values are recorded at their fair values on the Statement of Financial Position. Net investment return is included in the change in net assets on the accompanying Statement of Activities.

The following methods and assumptions were followed as of December 31, 2020:

- Fair value is based on quoted market prices as of the valuation date.
- ChOSEN did not hold investments in any of the following:
 - Items required to be reported at amortized cost.
 - Items required to be reported at other than fair value.

Fair Value Measurement:

ASC No. 820 defines fair value, establishes a framework for using fair value to measure assets and liabilities, and expands disclosures about fair value measurements. The guidance in this statement establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)*****Fair Value Measurement (Continued):***

Level 2 Inputs: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active, inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs: Significant unobservable inputs that reflect the Organization's own assumptions that market participants would use in pricing the assets or liabilities.

On December 31, 2020 and 2019, the Organization's investments were valued using Level 1 inputs as follows:

Investments on December 31, 2020 consisted of 61,121 shares of Spider Series Trust, an Exchange Traded Fund (ETF) valued at \$1,877,026 and investment cash of \$3,393. Investments on December 31, 2019 consisted of 68 shares of Atmos Energy Corporation common stock valued at \$7,913.

Property and Equipment:

Property and equipment are valued at purchase cost or the current fair value for donated assets. Expenses which improve the value or extend the useful life of assets are capitalized and added to purchase cost. A capitalization threshold of \$1,000 is applied. Depreciation is computed on the accelerated basis over estimated useful lives as described in Note 3.

Donations of Long-lived Assets – Implying Time Restrictions:

ChOSEN has adopted a policy whereby it does not imply time restrictions on donor-restricted property and equipment donations and records these assets as increases in net assets without restrictions.

Income Taxes:

ChOSEN is exempt from income taxes under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been made on the financial statements. There are also no uncertain tax positions that must be

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

**NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)*****Income Taxes (Continued):***

disclosed in accordance with ASC No. 740. With few exceptions, ChOSEN is no longer subject to U.S. federal income tax examinations for years prior to 2017.

Cash Flow Information:

ChOSEN considers cash equivalents to be unrestricted cash and cash items that mature in 90 days or less. ChOSEN had no payments for interest or income taxes for the years ended December 31, 2020 and 2019.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principle requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses:

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2: LIQUIDITY AND AVAILABILITY

Management prepares operating budgets for each surgical mission with estimated expenses, submits the budgets to potential contributors and volunteers, then procures donations for the estimated expenses before proceeding with the trip. Management also invests excess cash in short term investments from time to time to maximize return on those funds. Fund raising efforts includes advertisements in trade periodicals to search for surgeons interested in supporting the mission of ChOSEN.

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORKNOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**NOTE 2: LIQUIDITY AND AVAILABILITY (Continued)**

Financial assets without limitations on use available for general expenditure on December 31, 2020 and 2019 comprise:

	<u>2020</u>	<u>2019</u>
Cash	\$ 115,624	571,051
Investments	<u>1,880,419</u>	<u>7,913</u>
	<u>\$1,996,043</u>	<u>578,964</u>

NOTE 3: PROPERTY AND EQUIPMENT

Major categories of assets for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>	<u>Estimated Lives</u>
Medical Equipment	\$18,728	18,728	5 Years
Accumulated Depreciation	<u>(18,728)</u>	<u>(17,447)</u>	
Net Value	<u>\$ -</u>	<u>1,281</u>	

Depreciation expense for the years ended December 31, 2020 and 2019 was \$1,281 and \$2,572, respectively.

NOTE 4: RELATED PARTY TRANSACTIONS

ChOSEN has transacted business with entities related primarily through the board of directors. These entities include Rush Eye Associates and Amarillo Cataract & Eye Surgery Center, both of which are owned by a member of the board of directors. ChOSEN purchased certain medical supplies from these entities at costs that could not be purchased directly by ChOSEN. Total purchases for the years ended December 31, 2020 and 2019 were \$3,507 and \$10,262, respectively.

ChOSEN also receives contributions from board members and persons or entities related to those board members. Total contributions received by these related parties for the years ended December 31, 2020 and 2019 were \$1,854,000 and \$233,500, respectively. This represents approximately 85% of the cash contributions received in 2020 and 41% of the cash contributions received in 2019.

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 5: CONCENTRATIONS OF CREDIT RISK

ChOSEN maintained its cash balance in one financial institution located in Amarillo, Texas. The balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for all accounts. The amount of cash balances in excess of FDIC insured coverage on December 31, 2020 and 2019 was \$0 and \$321,051, respectively. ChOSEN has not experienced any losses from this excess and believes is not exposed to any significant credit risk on cash balances due to the stability of the financial institution.

NOTE 6: SUBSEQUENT EVENTS

Subsequent events were evaluated through August 26, 2021, which is the date the financial statements were available to be issued. There were no events required to be disclosed.