

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK

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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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood



that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Organization'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Lewis, Kaufman, Reid, Stukey, Gattis & Co., P.C.

Lewis, Kaufman, Reid, Stukey, Gattis & Co., P.C.
Plainview, Texas
June 8, 2023

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK**STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021**

	ASSETS	
	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash	\$ 476,777	546,861
Prepaid Expenses	13,600	-
Investments	<u>6,833,892</u>	<u>4,276,390</u>
 TOTAL ASSETS	 \$ <u>7,324,269</u>	 <u>4,823,252</u>
	 LIABILITIES AND NET ASSETS	
<u>LIABILITIES</u>		
Accounts Payable	\$ <u>2,022</u>	<u>633</u>
	<u>2,022</u>	<u>633</u>
 <u>NET ASSETS</u>		
Without Restrictions	<u>7,322,247</u>	<u>4,822,619</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>7,324,269</u>	 <u>4,823,252</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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<u>Revenue and other support:</u>		
Contributions	\$ 2,179,100	3,695,207
Non-Cash Contributions	7,196,820	5,164,337
Net Investment Income	97,302	33,479
Net Investment Gains	<u>1,460,200</u>	<u>84,545</u>
Total	<u>10,933,422</u>	<u>8,977,568</u>
 <u>Expenses:</u>		
Program expenses	8,433,794	6,117,516
General and administrative	50,116	33,448
Fundraising	<u>-</u>	<u>-</u>
Total	<u>8,433,794</u>	<u>6,150,964</u>
Increase in net assets	2,499,628	2,826,604
Net Assets, Beginning of Year	<u>4,822,619</u>	<u>1,996,015</u>
Net Assets, End of Year	\$ <u><u>7,322,247</u></u>	<u><u>4,822,619</u></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, 2022 and 2021**

	2022			
	Program Services	<u>Supporting Services</u>		Totals
		<u>Administrative and General</u>	<u>Fundraising</u>	
Grants to Others	\$ 748,816	-	-	748,816
Legal & Professional	-	23,730	-	23,730
Medical Supplies	6,247,725	-	-	6,247,725
Occupancy	35,745	-	-	35,745
Office Expense	-	1,398	-	1,398
Payroll Taxes & Benefits	22,580	7,526	-	30,106
Salaries	52,388	17,462	-	69,850
Travel	151,524	-	-	151,524
Volunteer Labor	<u>1,124,900</u>	<u>-</u>	<u>-</u>	<u>1,124,900</u>
Total Expenses	<u>\$ 8,383,678</u>	<u>50,116</u>	<u>-</u>	<u>8,433,794</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, 2022 and 2021**

	2021			
		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Administrative and General</u>	<u>Fundraising</u>	<u>Totals</u>
Grants to Others	\$ 738,515	-	-	738,515
Legal & Professional	-	7,200	-	7,200
Medical Supplies	3,954,010	-	-	3,954,010
Occupancy	17,372	-	-	17,372
Office Expense	-	22,332	-	22,332
Payroll Taxes	835	278	-	1,113
Salaries	10,914	3,638	-	14,552
Travel	40,270	-	-	40,270
Volunteer Labor	<u>1,355,600</u>	<u>-</u>	<u>-</u>	<u>1,355,600</u>
Total Expenses	<u>\$ 6,117,516</u>	<u>33,448</u>	<u>-</u>	<u>6,150,964</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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$2,499,628	2,826,604
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net Investment Gains	(1,460,200)	(84,545)
Changes in Assets and Liabilities:		
Prepaid Expenses	(13,600)	-
Accounts Payable	<u>1,389</u>	<u>605</u>
Net Cash Provided by Operating Activities:	<u>1,027,217</u>	<u>2,742,664</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of Investments	-	933,686
Purchase of Investments	<u>(1,097,301)</u>	<u>(3,245,113)</u>
Net Cash Used by Investing Activities:	<u>(1,097,301)</u>	<u>(2,311,427)</u>
Net Change in Cash	(70,084)	431,237
Cash, Beginning of Year	<u>546,861</u>	<u>115,624</u>
Cash, End of Year	<u>\$ 476,777</u>	<u>546,861</u>
Non-Cash Operating Activity:		
Medical Supplies Contributed for Surgeries	\$6,071,920	3,808,737
Volunteer Labor Contributed for Surgeries	<u>1,124,900</u>	<u>1,355,600</u>
	<u>\$7,196,820</u>	<u>5,164,337</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, 2022 AND 2021

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, including Mexico and Nicaragua. ChOSEN's purpose also includes recruiting healthcare professionals interested in ChOSEN's mission and training them to assist in these ophthalmic surgeries. 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 restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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 in accordance with Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*. 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 number 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 1,051 cataract and 248 retina surgeries in 2022 and 1,224 cataract and 322 retina surgeries in 2021. The total value of these contributed services for the years ended December 31, 2022 and 2021 was \$1,124,900 and \$1,355,600, respectively, and are included in program expenses on the Statements of Activities.

Medical Supplies:

ChOSEN received a substantial quantity of medical supplies donated primarily by the Alcon Medical Missions Program and Americares Foundation, Inc. in carrying out ChOSEN's purpose. These ophthalmic supplies are valued at the invoice amount received from each company, which approximates the cost for an ophthalmic clinic. The total value of these contributed supplies for the years ended December 31, 2022 and 2021 was \$6,071,920 and \$3,808,737, 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, 2022 AND 2021

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 for those supplies received in one year and used for a surgical mission expedition the next year. Inventory for the years ended December 31, 2022 and 2021 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 in the accompanying Statement of Activities.

The following methods and assumptions were followed as of December 31, 2022:

- 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, 2022 AND 2021

**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, 2022 and 2021, the Organization's investments were valued using Level 1 inputs as follows:

Investments on December 31, 2022 consisted of Exchange Traded Funds (ETF) valued at \$1,464,306, fixed income funds valued at \$199,516, mutual funds valued at \$212,594, stocks valued at \$4,898,873 and investment cash of \$58,603. Investments on December 31, 2021 consisted of ETF's valued at \$631,744, stocks valued at \$3,135,263 and investment cash of \$509,383.

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.

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

**NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)*****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 in the financial statements. There are also no uncertain tax positions that must be 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 2019.

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, 2022 and 2021.

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 the 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. Expenses allocated include salaries, payroll taxes and benefits, which are allocated on the basis of estimates of time and effort.

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 NETWORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2: LIQUIDITY AND AVAILABILITY (Continued)

Financial assets without limitations on use available for general expenditure on December 31, 2022 and 2021 comprise:

	<u>2022</u>	<u>2021</u>
Cash	\$ 476,777	546,861
Investments	<u>6,833,892</u>	<u>4,276,390</u>
	<u>\$7,310,669</u>	<u>4,823,251</u>

NOTE 3: PROPERTY AND EQUIPMENT

Major categories of assets for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>	<u>Estimated Lives</u>
Medical Equipment	\$18,728	18,728	5 Years
Accumulated Depreciation	<u>(18,728)</u>	<u>(18,728)</u>	
Net Value	<u>\$ -</u>	<u>-</u>	

Depreciation expense for the years ended December 31, 2022 and 2021 was \$0.

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, 2022 and 2021 were \$1,835 and \$2,750, 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, 2022 and 2021 were \$1,920,000 and \$3,485,500, respectively. This represents approximately 88% of the cash contributions received in 2022 and 94% of the cash contributions received in 2021.

CHRISTIAN OPHTHALMIC SURGERY EXPEDITION NETWORK

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5: CONCENTRATIONS OF CREDIT RISK

ChOSEN maintained its cash balance in a 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, 2022 and 2021 was \$226,777 and \$296,861, 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 June 8, 2023, which is the date the financial statements were available to be issued. There were no events required to be disclosed.