



**Texas Society to Prevent  
Blindness, Inc.**  
(d/b/a Prevent Blindness Texas)

**Financial Statements**  
Years Ended March 31, 2021 and 2020

**Texas Society to Prevent Blindness, Inc.**  
(d/b/a Prevent Blindness Texas)

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Financial Statements  
Years Ended March 31, 2021 and 2020

**Texas Society to Prevent Blindness, Inc.**  
**(d/b/a Prevent Blindness Texas)**

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## Independent Auditor's Report

The Board of Directors  
Texas Society to Prevent Blindness, Inc.  
(d/b/a Prevent Blindness Texas)  
Houston, Texas

### ***Opinion***

We have audited the financial statements of Texas Society to Prevent Blindness, Inc. (d/b/a Prevent Blindness Texas) (the Society), which comprise the statements of financial position as of March 31, 2021, and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as of March 31, 2021 and 2020, 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 (GAAS). 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 Society 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 Society's ability to continue as a going concern within one year after the date that the Society's financial statements are issued or available to be issued.



### ***Auditor's 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 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Society'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 Society'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

*BDO USA, LLP*

September 17, 2021

## Financial Statements

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**Texas Society to Prevent Blindness, Inc.**  
(d/b/a Prevent Blindness Texas)

**Statements of Financial Position**

<i>March 31,</i>	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,954,318	\$ 804,346
Investments	488,382	409,416
Contributions and grants receivable	108,798	108,392
Interest receivable	1,245	1,521
Other assets	39,730	57,668
<b>Total Current Assets</b>	<b>2,592,473</b>	<b>1,381,343</b>
<b>Property and Equipment, net carrying amount</b>	<b>59,142</b>	<b>563,928</b>
<b>Total Assets</b>	<b>\$ 2,651,615</b>	<b>\$ 1,945,271</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 12,224	\$ 46,406
Accrued vacation	31,258	34,799
Deferred revenue	-	15,000
Current maturities of Paycheck Protection Program loan	107,199	-
<b>Total Current Liabilities</b>	<b>150,681</b>	<b>96,205</b>
<b>Paycheck Protection Program Loan, net of current maturities</b>	<b>151,798</b>	<b>-</b>
<b>Total Liabilities</b>	<b>302,479</b>	<b>96,205</b>
<b>Net Assets</b>		
Without donor restriction	1,656,128	1,491,710
With donor restriction	693,008	357,356
<b>Total Net Assets</b>	<b>2,349,136</b>	<b>1,849,066</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,651,615</b>	<b>\$ 1,945,271</b>

*See accompanying notes to financial statements.*

**Texas Society to Prevent Blindness, Inc.**  
(d/b/a Prevent Blindness Texas)

**Statements of Activities and Changes in Net Assets**

Year ended March 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support and Operating Revenue</b>						
Contributions	\$ 22,980	\$ 27,055	\$ 50,035	\$ 29,933	\$ -	\$ 29,933
Foundation grants	-	470,163	470,163	-	458,561	458,561
Government grants	18,325	9,936	28,261	56,279	3,240	59,519
Received indirectly - combined service campaigns	2,004	-	2,004	15,097	-	15,097
Special events, net of direct costs of \$49,145 in 2021 and \$49,665 in 2020	22,472	-	22,472	52,650	-	52,650
Interest and dividend income	10,352	-	10,352	15,234	-	15,234
Miscellaneous	13,082	-	13,082	783	-	783
Net assets released from restrictions	171,502	(171,502)	-	495,039	(495,039)	-
<b>Total Public Support and Operating Revenue</b>	<b>260,717</b>	<b>335,652</b>	<b>596,369</b>	<b>665,015</b>	<b>(33,238)</b>	<b>631,777</b>
<b>Expenses</b>						
Program services	688,686	-	688,686	811,768	-	811,768
General and administrative	40,511	-	40,511	47,753	-	47,753
Fundraising	81,022	-	81,022	95,502	-	95,502
<b>Total Program and Support Services</b>	<b>810,219</b>	<b>-</b>	<b>810,219</b>	<b>955,023</b>	<b>-</b>	<b>955,023</b>
Unallocated affiliate support of national programs	60,115	-	60,115	75,863	-	75,863
<b>Total Expenses</b>	<b>870,334</b>	<b>-</b>	<b>870,334</b>	<b>1,030,886</b>	<b>-</b>	<b>1,030,886</b>
<b>Increase (Decrease) in Net Assets, before non-operating revenue, gains, and losses</b>	<b>(609,617)</b>	<b>335,652</b>	<b>(273,965)</b>	<b>(365,871)</b>	<b>(33,238)</b>	<b>(399,109)</b>
<b>Non-Operating Revenue, Gains, and Losses</b>						
Gain on sale of fixed assets	705,351	-	705,351	674,195	-	674,195
Realized and unrealized gains (losses) on investments	68,684	-	68,684	(5,699)	-	(5,699)
<b>Increase (Decrease) in Net Assets</b>	<b>164,418</b>	<b>335,652</b>	<b>500,070</b>	<b>302,625</b>	<b>(33,238)</b>	<b>269,387</b>
<b>Net Assets, beginning of year</b>	<b>1,491,710</b>	<b>357,356</b>	<b>1,849,066</b>	<b>1,189,085</b>	<b>390,594</b>	<b>1,579,679</b>
<b>Net Assets, end of year</b>	<b>\$ 1,656,128</b>	<b>\$ 693,008</b>	<b>\$ 2,349,136</b>	<b>\$ 1,491,710</b>	<b>\$ 357,356</b>	<b>\$ 1,849,066</b>

*See accompanying notes to financial statements.*



**Texas Society to Prevent Blindness, Inc.**  
(d/b/a Prevent Blindness Texas)

**Statement of Functional Expenses**

*Year ended March 31, 2021*

	Program Services					Support Services					Total
	Research	Public Health Education	Professional Education and Training	Community Services	Total Program Services	General and Administrative	Fundraising	Unallocated Affiliate Support of National Programs	Total Support Services		
Salaries	\$ 4,537	\$ 217,792	\$ 68,060	\$ 95,284	\$ 385,673	\$ 22,687	\$ 45,373	\$ -	\$ 68,060	\$ 453,733	
Employee benefits	1,007	48,359	15,112	21,157	85,635	5,037	10,075	-	15,112	100,747	
Payroll taxes	377	18,105	5,658	7,921	32,061	1,886	3,772	-	5,658	37,719	
<b>Total Salaries and Related Expenses</b>	<b>5,921</b>	<b>284,256</b>	<b>88,830</b>	<b>124,362</b>	<b>503,369</b>	<b>29,610</b>	<b>59,220</b>	<b>-</b>	<b>88,830</b>	<b>592,199</b>	
Building occupancy	428	20,559	6,425	8,995	36,407	2,142	4,283	-	6,425	42,832	
Depreciation of building and equipment	182	8,720	2,725	3,815	15,442	908	1,817	-	2,725	18,167	
Dues and subscriptions	86	4,111	1,285	1,799	7,281	428	857	-	1,285	8,566	
Insurance	142	6,840	2,137	2,992	12,111	712	1,425	-	2,137	14,248	
Office equipment maintenance	203	9,741	3,044	4,262	17,250	1,015	2,029	-	3,044	20,294	
Office supplies	95	4,563	1,426	1,996	8,080	475	951	-	1,426	9,506	
Other	113	5,416	1,692	2,369	9,590	564	1,128	-	1,692	11,282	
Postage and shipping	68	3,272	1,023	1,432	5,795	341	682	-	1,023	6,818	
Printing and publications	50	2,376	743	1,040	4,209	248	495	-	743	4,952	
Professional fees and outside services	550	26,419	8,256	11,558	46,783	2,752	5,504	-	8,256	55,039	
Telephone	125	6,014	1,880	2,631	10,650	627	1,253	-	1,880	12,530	
Travel and meetings	48	2,326	727	1,017	4,118	242	484	-	726	4,844	
Visual aids and eye clinic	87	4,186	1,308	1,831	7,412	436	872	-	1,308	8,720	
Volunteer expenses	2	107	33	47	189	11	22	-	33	222	
Unallocated affiliate support of national programs	-	-	-	-	-	-	-	60,115	60,115	60,115	
<b>Total Functional Expenses</b>	<b>\$ 8,100</b>	<b>\$ 388,906</b>	<b>\$ 121,534</b>	<b>\$ 170,146</b>	<b>\$ 688,686</b>	<b>\$ 40,511</b>	<b>\$ 81,022</b>	<b>\$ 60,115</b>	<b>\$ 181,648</b>	<b>\$ 870,334</b>	

*See accompanying notes to financial statements.*

**Texas Society to Prevent Blindness, Inc.**  
(d/b/a Prevent Blindness Texas)

**Statement of Functional Expenses**

Year ended March 31, 2020

	Program Services					Support Services				
	Research	Public Health Education	Professional Education and Training	Community Services	Total Program Services	General and Administrative	Fundraising	Unallocated Affiliate Support of National Programs	Total Support Services	Total
Salaries	\$ 5,622	\$ 269,867	\$ 84,333	\$ 118,067	\$ 477,889	\$ 28,111	\$ 56,222	\$ -	\$ 84,333	\$ 562,222
Employee benefits	1,135	54,448	17,015	23,821	96,419	5,672	11,343	-	17,015	113,434
Payroll taxes	476	22,849	7,140	9,997	40,462	2,380	4,760	-	7,140	47,602
<b>Total Salaries and Related Expenses</b>	<b>7,233</b>	<b>347,164</b>	<b>108,488</b>	<b>151,885</b>	<b>614,770</b>	<b>36,163</b>	<b>72,325</b>	<b>-</b>	<b>108,488</b>	<b>723,258</b>
Building occupancy	370	17,745	5,545	7,763	31,423	1,848	3,697	-	5,545	36,968
Depreciation of building and equipment	223	10,698	3,343	4,681	18,945	1,114	2,229	-	3,343	22,288
Dues and subscriptions	81	3,896	1,217	1,704	6,898	406	812	-	1,218	8,116
Insurance	232	11,127	3,477	4,868	19,704	1,159	2,318	-	3,477	23,181
Office equipment maintenance	128	6,124	1,914	2,679	10,845	638	1,276	-	1,914	12,759
Office supplies	115	5,525	1,727	2,417	9,784	576	1,151	-	1,727	11,511
Other	94	4,513	1,411	1,975	7,993	472	940	-	1,412	9,405
Postage and shipping	116	5,573	1,742	2,438	9,869	580	1,161	-	1,741	11,610
Printing and publications	30	1,468	459	642	2,599	153	306	-	459	3,058
Professional fees and outside services	376	18,026	5,633	7,886	31,921	1,878	3,755	-	5,633	37,554
Telephone	140	6,708	2,096	2,935	11,879	699	1,398	-	2,097	13,976
Travel and meetings	372	17,839	5,575	7,804	31,590	1,858	3,717	-	5,575	37,165
Visual aids and eye clinic	31	1,470	459	643	2,603	153	306	-	459	3,062
Volunteer expenses	11	534	167	233	945	56	111	-	167	1,112
Unallocated affiliate support of national programs	-	-	-	-	-	-	-	75,863	75,863	75,863
<b>Total Functional Expenses</b>	<b>\$ 9,552</b>	<b>\$ 458,410</b>	<b>\$ 143,253</b>	<b>\$ 200,553</b>	<b>\$ 811,768</b>	<b>\$ 47,753</b>	<b>\$ 95,502</b>	<b>\$ 75,863</b>	<b>\$ 219,118</b>	<b>\$ 1,030,886</b>

*See accompanying notes to financial statements.*

**Texas Society to Prevent Blindness, Inc.**  
(d/b/a Prevent Blindness Texas)

**Statements of Cash Flows**

<i>Year ended March 31,</i>	2021	2020
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 500,070	\$ 269,387
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	18,167	22,288
Realized and unrealized gain (loss) on investments	(68,864)	5,699
Gain on sale of fixed asset	(705,351)	(674,195)
Change in operating assets and liabilities:		
Contributions and grants receivable	(406)	17,083
Interest receivable	276	1,468
Other assets	17,938	(12,403)
Accounts payable and accrued expenses	(34,182)	43,189
Accrued vacation	(3,541)	7,824
Deferred revenue	(15,000)	15,000
<b>Net Cash Used in Operating Activities</b>	<b>(290,893)</b>	<b>(304,660)</b>
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	(20,385)	-
Proceeds from sale of fixed asset	1,212,355	689,583
Purchases of investment securities	(179,542)	(224,715)
Proceeds from sales of investment securities	169,440	603,015
<b>Net Cash Provided by Investing Activities</b>	<b>1,181,868</b>	<b>1,067,883</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Economic Injury Disaster Loan	150,000	-
Payments on Economic Injury Disaster Loan	(150,000)	-
Proceeds from Paycheck Protection Program loan	258,997	-
<b>Net Cash Provided by Financing Activities</b>	<b>258,997</b>	<b>-</b>
<b>Net Increase in Cash</b>	<b>1,149,972</b>	<b>763,223</b>
<b>Cash and Cash Equivalents, beginning of the year</b>	<b>804,346</b>	<b>41,123</b>
<b>Cash and Cash Equivalents, end of the year</b>	<b>\$ 1,954,318</b>	<b>\$ 804,346</b>

*See accompanying notes to financial statements.*

**Texas Society to Prevent Blindness, Inc.**  
**(d/b/a Prevent Blindness Texas)**

**Notes to Financial Statements**

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## **1. Summary of Accounting Policies**

### ***Nature of Organization***

Texas Society to Prevent Blindness, Inc. (d/b/a Prevent Blindness Texas) (the Society), an affiliate of the National Society to Prevent Blindness, is a not-for-profit organization that began its program in the state of Texas in 1956 and was incorporated in 1965. The Society is concerned with preventing blindness and visual impairment through a comprehensive program of screening and public and professional education in the state of Texas. Program services, including research, public health education, and professional education and teachings, are provided through offices located in major metropolitan areas, including Dallas, Houston, and San Antonio.

### ***Basis of Presentation***

The financial statements of the Society have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

### ***Cash***

The Society considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

### ***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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### ***Concentration of Credit Risk***

The Society maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Society has not experienced any losses in such accounts and management does not believe the Society is exposed to any significant credit risk on cash.

### ***Contributions and Grants Receivable***

The Society's contributions and grants receivables are comprised primarily of grants and allocations committed from various funding agencies, corporations, and individuals for use in the Society's activities. Contributions receivable at March 31, 2021 and 2020 are expected to be collected within one year. The Society has not recorded a provision for doubtful accounts since it is the opinion of management that those receivables are collectible in full.

### ***Investment Valuation***

The investments of the Society are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). The investments

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**Notes to Financial Statements**

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of the Society have fair values determined by quoted prices in active markets for identical assets (Level 1 classification), and by significant other observable inputs (Level 2 classification).

*Mutual Funds*

Mutual funds' fair values are determined by reference to the fund's underlying assets, which are principally marketable equity and fixed-income securities. Shares held in mutual funds that trade on national securities exchanges are valued at their trading price and are classified within Level 1 of the valuation hierarchy, as described in Note 2.

*Equities*

Equity funds consist of shares held at publicly traded companies. Shares held in equity funds that trade on national securities exchanges are valued at their trading prices and are classified within Level 1 of the valuation hierarchy, as described in Note 2.

*Municipal Bonds*

Municipal bonds consist of government and agency securities traded in markets that are not considered active and are valued based on quoted market prices or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and, therefore, have little or no price transparency are valued using management's best estimates. These investments are classified within Level 2 of the valuation hierarchy, as described in Note 2.

*Corporate Bonds*

Corporate bonds consist of securities traded in markets that are not considered active and are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and, therefore, have little or no price transparency are valued using management's best estimates. These investments are classified within Level 2 of the valuation hierarchy, as described in Note 2.

*Property and Equipment*

Property and equipment are recorded at cost or, in the case of gifts, fair value as of the date of the donation and depreciated over estimated useful lives using straight-line, accelerated, and declining-balance methods. Useful lives range from ten to 40 years for buildings and improvements and three to ten years for equipment. It is the policy of the Society to capitalize property and equipment if the cost or value of the item is in excess of \$1,500 and the useful economic life is greater than one year. Costs of repairs and maintenance are charged to expense as incurred.

The Society reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

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**Notes to Financial Statements**

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***Net Assets***

The Society reports information regarding its financial position and activities according to two classes of net assets—without donor restrictions and with donor restrictions.

Net assets without donor restrictions are resources that are not subject to donor-imposed restrictions plus those resources for which donor-imposed restrictions have been satisfied.

Grants with donor-stipulated purposes are classified as net assets with donor restrictions. Amounts are released from restriction as the funds are spent toward the specific restricted purposes. See Note 6 for purpose of grants.

***Public Support and Revenue***

Public support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and 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 law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

The Society may be the beneficiary of various wills, the total realizable amount of which is not presently determinable. Such amounts are recorded as legacy revenue when clear title is established and the proceeds are clearly measurable.

***Revenue Recognition***

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The comparative information has not been adjusted and continues to be reported under Topic 605. The Society's accounting policy regarding revenue recognition has been updated to align with Topic 606, and no significant changes to revenue have occurred as a result of the change. On April 1, 2020, the Society adopted Topic 606, applying the modified retrospective method. There was no impact to revenue for the year ended March 31, 2021 as a result of adopting Topic 606.

***Contributions and Foundation Grants***

Contributions and foundation grants are recognized at a point in time when the donor makes a promise to give the Society that is, in substance, unconditional. Contributions and foundation grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. 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 and changes in net assets as net assets released from restrictions.

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**Notes to Financial Statements**

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*Government Grants*

The Society engages in various cost-reimbursable contracts with governmental authorities with varying terms. Federal government contracts are not recorded until expended for the purpose of the grants, since they have been evaluated as conditional promises to give and are not recognized until the condition has been met in accordance with ASU 2018-08. Amounts received are recognized as revenue when the Society has incurred expenditures in compliance with specific contract or grant provisions.

*Special Events*

Special event revenue is recognized in the period that the event occurs.

*Investment Income*

Realized gains and losses from changes in market values are reflected in the statements of activities and changes in net assets. Investment fees are netted against the total interest and dividends reflected in the statements.

*Donated Services and Assets*

Contributions of tangible goods are recognized at fair value when received. Contributed professional services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of volunteers have donated significant amounts of their time to the Society's program services and fundraising campaigns. No amounts have been recognized in the statements of activities and changes in net assets because the criteria for recognition of those goods and services in accordance with U.S. GAAP have not been satisfied.

*Functional Allocation of Expenses*

The costs of providing various programs and support services are presented on a functional basis in the statements of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Items included in total salaries and related expenses are based on efforts of personnel, while the remainder of expenses are based on square footage of space utilized.

*Tax Status*

The Society is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code (the Code) Section 501(c)(3). The Society is also subject to tax on any unrelated business income, which was de minimis for the years ended March 31, 2021 and 2020. U.S. GAAP requires management to evaluate tax positions taken by the Society and recognize a tax liability if the Society has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities. Management has analyzed the tax positions taken by the Society and has concluded that as of March 31, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Society is subject to routine audits by

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**Notes to Financial Statements**

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taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Society is still open to examination by U.S. tax authorities from fiscal 2018 forward.

***Recent Accounting Pronouncements***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. The new standard is effective for the Society for the year ended March 31, 2023.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This update addresses presentation and disclosure of contributed nonfinancial assets. This update will require a nonprofit to present contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets, apart from contributions of cash and other financial assets, and to disclose contributed nonfinancial assets recognized within the consolidated statements of activities and changes in net assets disaggregated by category that depicts the type of contributed nonfinancial assets, and, for each category of contributed nonfinancial assets recognized, to include the following: qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period (if utilized, disclose a description of the programs or their activities in which those assets were used), the Society's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, a description of the valuation techniques and inputs used to arrive at a fair value measure at initial recognition, and the principal market used to arrive at a fair value measure if it is a market in which the recipient Society is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The ASU is to be applied on a retrospective basis and effective for annual periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early adoption is permitted. The Society is currently evaluating the impact of this ASU on its financial statements.

***Subsequent Events***

Subsequent events were evaluated through September 17, 2021, which is the date the financial statements were available to be issued. In May 2021, the Society received forgiveness for a Paycheck Protection Program (PPP) loan for \$144,700; see Note 7 for further details.

## **2. Investments**

***Fair Value Measurements***

The Society performs fair value measurements in accordance with Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value in U.S. GAAP, and expands disclosures about fair value measurements.

Fair value is defined in the ASC as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market for the asset or liability in an orderly transaction. Fair value measurement is based on a hierarchy of observable or unobservable inputs. The standard describes three levels of inputs that may be used to measure fair value.



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*Level 1: Quoted Prices in Active Markets for Identical Assets* - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

*Level 2: Significant Other Observable Inputs* - Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and the fair value can be determined through the use of models or other valuation methodologies.

*Level 3: Significant Unobservable Inputs* - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity of the asset and liability and the reporting entity makes estimates and assumptions relating to the pricing of the asset or liability, including assumptions regarding risk.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Society's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about the Society's assets measured at fair value on a recurring basis and the valuation techniques used by the Society to determine those fair values.

At March 31, 2021 and 2020, the Society had no investments that were required to be classified as Level 3.

**March 31, 2021**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance
Investments:				
Municipal bonds	\$ -	\$ 156,121	\$ -	\$ 156,121
Corporate bonds	-	103,632	-	103,632
Equities	197,019	-	-	197,019
Mutual funds	22,002	-	-	22,002
<b>Total Investments</b>	<b>\$ 219,021</b>	<b>\$ 259,753</b>	<b>\$ -</b>	<b>\$ 478,774</b>

**March 31, 2020**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance
Investments:				
Municipal bonds	\$ -	\$ 153,331	\$ -	\$ 153,331
Corporate bonds	-	107,622	-	107,622
Equities	124,684	-	-	124,684
Mutual funds	12,134	-	-	12,134
<b>Total Investments</b>	<b>\$ 136,818</b>	<b>\$ 260,953</b>	<b>\$ -</b>	<b>\$ 397,771</b>

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Not included in the previous tables are \$9,608 and \$11,645 in cash and cash equivalents held in brokerage accounts as of March 31, 2021 and 2020, respectively.

### 3. Property and Equipment

The cost of property and equipment is summarized as follows:

<i>March 31,</i>	<b>2021</b>	<b>2020</b>	Depreciable Life (Years)
Land	\$ -	\$ 175,000	
Buildings and improvements	-	535,105	10-40
Equipment	<b>579,368</b>	558,984	3-10
<b>Total Cost</b>	<b>579,368</b>	1,269,089	
Less: accumulated depreciation	<b>(520,226)</b>	(705,161)	
<b>Net Carrying Amount</b>	<b>\$ 59,142</b>	<b>\$ 563,928</b>	

In December of 2020, the Society sold the Houston building and land for total net proceeds of \$1,212,355.

### 4. Employee Benefit Plans

The Society sponsors a 403(b) retirement plan covering substantially all employees who meet certain eligibility requirements. The amount contributed by the Society to the plan is dependent on the contribution of each employee. Total contributions to the plan were \$8,796 and \$16,692 in years ended March 31, 2021 and 2020, respectively.

The Society also maintains a tax deferred annuity (TDA) plan. Employee contributions are made on a tax-deferred basis pursuant to a salary reduction agreement, in accordance with the requirements of the Code Section 403(b). All employees are eligible to participate in the TDA. The Society does not make contributions to the TDA.

### 5. Lease Commitments

The Society occupies certain operating facilities under various operating lease agreements expiring at various dates through 2026. Substantially all of these leases require that the Society pay real estate taxes, utilities, and maintenance expenses.

As of March 31, 2021, the minimum future rent payments due under operating leases with non-cancelable lease terms in excess of one year are as follows:

<i>Year ending March 31,</i>	
2022	\$ 41,885
2023	43,647
2024	30,462
2025	27,988
2026	7,044
<b>Total</b>	<b>\$ 151,026</b>

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Total rent expense under all operating leases was approximately \$31,600 and \$14,400 for the years ended March 31, 2021 and 2020, respectively.

## 6. Net Assets with Donor Restrictions

The Society's net assets with donor restrictions are available for the following purpose:

<i>March 31,</i>	<b>2021</b>	<b>2020</b>
Restricted for use within 100 miles of Crosbyton, Texas	\$ 269,914	\$ 269,914
Restricted by time	423,094	87,442
<b>Total Net Assets with Donor Restrictions</b>	<b>\$ 693,008</b>	<b>\$ 357,356</b>

## 7. Debt

### *Paycheck Protection Program*

On April 26, 2020, the Society executed, in good faith, a PPP loan totaling \$144,700, with an interest rate of 1%. No payments are due on this loan for six months from the date of the loan. Interest will continue to accrue during the deferment period. Loan payments of principal and interest are due monthly over the remaining 18 months of the loan. The Small Business Association (SBA) will forgive the loan if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities. While the Society anticipates the full portion of the loan to be forgiven, the Society must comply with the stipulations of the loan and the SBA will have to authorize any forgiveness of part or all of the outstanding loan balances. On May 5, 2021, the Society received forgiveness of \$144,700 from the SBA.

On February 5, 2021, the Society received a second draw PPP loan in the amount of \$114,297 under the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act). The loan has an interest rate of 1%. The Society has ten months after the last day of the covered period, as defined by the act, to apply for forgiveness of the loan. If forgiveness is applied for in that period of time, to the extent the loan amount is not forgiven, payments begin on the date on which the amount forgiven is remitted to the lender by the SBA in equal monthly payments of principal, interest and fees until the maturity date. If forgiveness is not applied for in that period of time, payments begin ten months after the last day of the covered period in equal monthly payments of principal until the maturity date. Interest will accrue beginning on the date of the loan. The Society could qualify for loan forgiveness if certain criteria are met. There are uncertainties surrounding the extent to which the Society may be eligible for loan forgiveness, but management continues to analyze and monitor the criteria under the program.

### *Economic Injury Disaster Loan*

On June 25, 2020, the Society executed an Economic Injury Disaster Loan (EIDL) provided by the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) loan totaling \$150,000, with an interest rate of 2.75% and a maturity date in June 2050. On January 12, 2021, the Society paid the EIDL in full including interest incurred to date.

Refer to Note 11 for information related to the CARES Act that triggered the SBA PPP loans.

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**8. Communities Foundation of Texas, Inc.**

Communities Foundation of Texas, Inc. (CFT) holds and controls assets for the benefit of the Dallas branch of the Society. Investments are restricted for office and business expenses at the Dallas branch and are released to the Society upon approval by CFT. The Society is not recording the value of the assets in the financial statements, as the Society currently does not have the unconditional right to receive the benefits. The investment balances were \$394,338 and \$270,497 as of March 31, 2021 and 2020, respectively.

**9. Related-Party Transactions**

The Society is part of an affiliate agreement with the National Society to Prevent Blindness. This affiliate agreement includes a profit-sharing policy where the National Society to Prevent Blindness receives 10% on donor designated contributions and records it as dues income. The affiliate dues are included in the Society's schedule of functional expenses.

To assist with the impacts of the new coronavirus strain on the Society, the National Society to Prevent Blindness granted approximately \$30,000 to be used by the Society for general expenditures in fiscal year 2021. The funds are included as foundation grants in the statement of activities and changes in net assets.

**10. Liquidity and Availability of Resources**

The Society's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

<i>March 31,</i>	2021	2020
Cash and cash equivalents	\$ 1,954,318	\$ 804,346
Investments	488,382	409,416
Contributions and grants receivable	108,798	108,392
Interest receivable	1,245	1,521
<b>Total Financial Assets Available Within One Year</b>	<b>2,552,743</b>	<b>1,323,675</b>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	269,914	269,914
Restricted by donors with time restrictions	423,094	87,442
<b>Total Amounts Unavailable for General Expenditures Within One Year</b>	<b>693,008</b>	<b>357,356</b>
<b>Total Financial Assets Available to Management for General Expenditures Within One Year</b>	<b>\$ 1,859,735</b>	<b>\$ 966,319</b>

The Society maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations are due. Investments are included in the table above as these assets are available to be used should the Society deem necessary; however, the investments are not expected to be used within one year.

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## **11. Risks and Uncertainties**

### ***COVID-19***

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

To date, the Society has not experienced a significant impact as a result of the COVID-19 outbreak. The Society's annual fundraising events were postponed or canceled due to the restrictions of the pandemic, which caused a minimal impact on operations. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the impact that the pandemic will have on the Society's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdowns, which may impact the Society's asset values. Although the Society cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Society's results of future operations, financial position, and liquidity in fiscal year 2022.

### ***CARES Act***

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was signed into law. The CARES Act, among other things, appropriated funds for the SBA PPP loans that are forgivable in certain situations to promote continued employment, as well as EIDL to provide liquidity to small businesses harmed by COVID-19. The Society received funds under the PPP in April 2020 in the amount of \$144,700. In June 2020, the Society received funds under EIDL in the amount of \$150,000 and subsequently paid the loan in full in January 2021.

On June 5, 2020, the PPP Flexibility Act was signed into law and amends some provisions of the PPP. The PPP Flexibly Act modifies certain provision related to the forgiveness of loans under the PPP. Under the PPP Flexibility Act, if the Society applies for forgiveness within a stipulated time period, payment of principal and interest are deferred until the date that the amount of forgiveness is remitted to the lender.

On December 27, 2020, the Economic Aid Act was signed into law and extends the PPP to include a second round of funding to certain businesses that received funding under the original PPP. Under this act, there are certain eligibility requirements a Society must meet to apply for funds. The maximum loan amount under a second draw loan is calculated as the lesser of \$2,000,000 or 2.5-3.5 times the average monthly payroll costs for 2019 or 2020 based on the type of business. The second draw loan is guaranteed by the SBA under the same terms, conditions, and processes as the first draw PPP loans. The Society received a second PPP loan in February 2021 of \$114,297. Refer to Note 7 for information related to the SBA PPP loans received by the Society.