

**OneSight**  
**Financial Statements**  
**As Of and For The**  
**Year Ended December 31, 2013 and**  
**Independent Auditor's Report**

# OneSight Index

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## Independent Auditor's Report

To the Board of Directors of OneSight:

We have audited the accompanying financial statements of OneSight (the "Company"), which comprise the statement of financial position as of December 31, 2013, and the related statement of activities and changes in net assets and statement of cash flows for the year then ended.

### ***Management's Responsibility 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; 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 the financial statements based on our audit. We conducted our audit 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 our 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, we consider internal control relevant to the Company'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 Company'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 OneSight at December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Notes 2 and 8 to the financial statements, the Company has significant transactions with affiliated companies, who are related parties, with respect to contributions to support its business model.

*PricewaterhouseCoopers LLP*

June 3, 2014

**OneSight**  
**Statement of Financial Position**  
**As of December 31, 2013**

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**Assets**

Cash and cash equivalents	\$ 97,187
Investments	5,958,148
Receivables	165,877
Receivables from related parties	640,811
Prepaid expenses and other	41,591
Inventory	16,898,179
Property and equipment, net	<u>1,259,765</u>
Total	<u>\$ 25,061,558</u>

**Liabilities**

Liabilities - accounts payable and accrued expenses	\$ 554,689
Net assets	
Unrestricted	23,542,650
Temporarily restricted	<u>964,219</u>
Total net assets	<u>24,506,869</u>
Total	<u>\$ 25,061,558</u>

**OneSight**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2013**

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<b>Unrestricted Revenue and Gains</b>	
In-kind contributions	\$ 8,280,936
Individuals	
Customer giving	3,498,543
Employee giving	677,515
Crowdfunding	594,735
Annual fund	56,409
Corporate	
Annual fund	443,122
Special events	417,999
Merchandise sales	546,809
Grants	15,000
Other	60,899
Investment income	187,611
Realized loss on investments	(5,799)
Assets released from restriction	611,710
	<u>15,385,489</u>
Total unrestricted revenues and gains	
Expenses	
Program services	
Global clinics	3,615,102
Sustainable developing markets	1,160,371
Regional clinics	2,242,034
Sustainable developed markets	208,782
Vision van operations	347,316
Resource center operations	363,899
Outreach programs	73,514
In-store programs	6,970
Total program services	<u>8,017,988</u>
Supporting activities	
Fundraising	702,828
Special events	243,070
Program administration	1,675,426
Total supporting activities	<u>2,621,324</u>
Total expenses	<u>10,639,312</u>
UNRESTRICTED REVENUES IN EXCESS OF EXPENSES	4,746,177
UNREALIZED GAIN ON INVESTMENTS	291,616
CHANGE IN UNRESTRICTED NET ASSETS	<u>5,037,793</u>
TEMPORARILY RESTRICTED NET ASSETS	
Assets released from restriction	(611,710)
Committed Contributions	412,177
Decrease in temporarily restricted assets	<u>(199,533)</u>
Increase in net assets	4,838,260
Net assets - Beginning of year	19,668,609
Net assets- End of year	<u>\$ 24,506,869</u>

**OneSight**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2013**

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CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 4,838,260
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	320,163
In-kind contributions of inventory	(3,762,077)
In-kind contributions of property and equipment	(32,681)
Unrealized gain on investments	(291,616)
Realized loss on investments	5,799
Investment income	(187,611)
Investment fees	16,779
Changes in	
Receivables	634,597
Prepaid expenses and other	116,611
Inventory	487,553
Accounts payable and accrued expenses	205,956
Net cash provided by operating activities	<u>2,351,733</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(804,462)
Purchase of investments	(1,710,000)
Net cash used in investing activities	<u>(2,514,462)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	(162,729)
CASH AND CASH EQUIVALENTS - Beginning in year	<u>259,916</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 97,187</u>

# OneSight

## Notes to Financial Statements

### As of and for the Year Ended December 31, 2013

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#### 1. Organization

OneSight is an Ohio not-for-profit corporation that was founded on March 16, 1993. OneSight is organized and operated exclusively for charitable and educational purposes by providing eye care and eyeglasses to the underprivileged and by providing optical education to people in the United States and abroad.

#### 2. Summary of Significant Accounting Policies

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

OneSight's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America from the separate records maintained by OneSight. As discussed in Note 8, related parties contribute to OneSight's various services and inventory, which are recorded at estimated fair value within unrestricted revenues as in-kind contributions and within expenses as program services and supporting activities in the statement of activities and changes in net assets. Accordingly, these financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations if OneSight had been operated as an unaffiliated organization.

##### **Cash and Cash Equivalents**

Cash and cash equivalents include cash and highly liquid investments with original maturities of three months or less and consist of cash on hand and deposits in bank accounts.

##### **Investments**

OneSight records investments at fair value based on the quoted market prices of the related security or on broker-quoted prices for securities for which quoted market prices are not available. Realized gains and losses on sale of investments are computed based on the carrying value at the time the security was sold under the specific identification method.

##### **Concentrations**

Financial instruments that potentially subject OneSight to credit risk consist principally of cash, investments, and receivables. Cash and cash equivalents are maintained with various major financial institutions. Periodic evaluations are performed of the financial institutions in which cash is invested. Concentrations of credit risk with respect to receivables are limited because no individual contributor receivable is material, except for receivables from related parties totaling \$640,811 as of December 31, 2013 (see Note 8).

##### **Inventory**

Inventory consists of donated and purchased reading glasses, frames, lenses, and sunglasses. Donated inventory is recorded at weighted-average fair value. Purchased inventory is stated at cost, which approximates fair value, and the fair value of donated inventory is management's best estimate of the cost OneSight would incur to purchase the inventory through its significant donors (see Note 8). The fair value of donated inventory is recognized in revenue as in-kind contributions in the statement of activities and changes in net assets.

##### **Fair Value of Financial Instruments**

Certain financial instruments are required to be recorded at fair value. The estimated fair values of such financial instruments have been determined using market information and valuation methodologies. Changes in assumptions or estimation methods could affect the fair value estimates; however, OneSight does not believe any such changes would have a material impact on

# **OneSight**

## **Notes to Financial Statements**

### **As of and for the Year Ended December 31, 2013**

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its financial position, changes in net assets, or cash flows. The carrying values of these financial instruments approximated fair value at December 31, 2013.

#### **Contributions**

Contributions received, including unconditional promises to give and donated assets, are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor. OneSight recognizes a receivable for committed contributions as an increase in temporarily restricted net assets until the time the restriction expires (see Note 6). Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the same reporting period in which the support is recognized. Contributions are recorded at the fair value of the asset or service contributed.

#### **Functional Classification of Expenses**

The costs of supporting the program services and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Certain costs have been allocated among the program services and supporting activities based on specific identification and OneSight staff time spent within each functional category (see Note 11).

#### **Depreciation**

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Vision vans are depreciated over five years, clinic equipment over five to seven years, and resource center equipment over three to five years.

#### **Income Taxes**

OneSight is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has received a ruling from the Internal Revenue Service allowing OneSight to operate as a public charitable organization. The ruling states that contributions made to OneSight are treated as if they were made to a public charity, and as such, contributions are deductible by the donor for federal income, gift, and estate tax purposes. Accounting guidance relating to accounting for uncertainty in income taxes prescribes the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest, penalties, and disclosures. This guidance has no effect on OneSight's financial statements.

#### **Pervasiveness of Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management has made, where necessary, estimates and judgments, based on currently available information that affect certain of the amounts reflected in the financial statements. Actual results could differ from those estimates.

#### **Recent Accounting Pronouncements**

OneSight has completed the process of evaluating the impact of recent accounting pronouncements and has determined that these pronouncements will not have a material impact to OneSight's financial statements when effective.

**OneSight**  
**Notes to Financial Statements**  
**As of and for the Year Ended December 31, 2013**

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**3. Fair Value Disclosures**

OneSight determines the fair market value of its financial instruments based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs (Level 1) and minimize the use of unobservable inputs (Level 3) when measuring fair value.

The three levels of inputs that may be used to measure fair values include:

*Level 1 — Quoted prices in active markets for identical assets or liabilities. This is the most reliable fair value measurement and includes active exchange-traded equity securities.*

*Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.*

*Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.*

Financial assets measured at fair value on a recurring basis as of December 31, 2013, are summarized as follows:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	Fair Value
Assets				
Money market funds	\$ -	\$ 1,064,997	\$ -	\$ 1,064,997
Mutual funds				
Real estate funds	201,427			201,427
Domestic stock funds	1,508,394			1,508,394
International stock funds	826,638			826,638
Fixed-income funds	1,704,281			1,704,281
Other	652,411			652,411
Total mutual funds	4,893,151	-	-	4,893,151
Total	\$ 4,893,151	\$ 1,064,997	\$ -	\$ 5,958,148

There was no activity throughout the year related to financial assets or financial liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3). Similarly, there were no nonfinancial assets or nonfinancial liabilities measured at fair value on a nonrecurring basis.

**OneSight**  
**Notes to Financial Statements**  
**As of and for the Year Ended December 31, 2013**

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**4. Investments**

The cost, net unrealized appreciation or depreciation, and fair value of investments recorded as of December 31, 2013, consist of the following:

	<b>Cost</b>	<b>Unrealized Appreciation</b>	<b>Fair Value</b>
Money market funds	\$ 1,064,997	\$ -	\$ 1,064,997
Mutual funds	<u>4,480,620</u>	<u>412,531</u>	<u>4,893,151</u>
Total	<u>\$ 5,545,617</u>	<u>\$ 412,531</u>	<u>\$ 5,958,148</u>

Investment net income of \$187,611 is composed of interest income of \$403 and dividend income of \$187,208.

**5. Property and Equipment**

Property and equipment and the related accumulated depreciation as of December 31, 2013, consist of the following:

Vision vans	\$ 1,520,940
Clinic equipment	1,052,397
Resource center equipment	361,568
Other property	<u>189,000</u>
Total property and equipment	3,123,905
Accumulated depreciation	<u>(1,864,140)</u>
Property and equipment - net	<u>\$ 1,259,765</u>

**6. Temporarily Restricted Net Assets**

During 2013, OneSight recognized \$412,177 of future committed contributions as an increase in temporarily restricted net assets, of which \$317,177 was restricted to fund sustainable clinics in developing markets and \$95,000 was restricted to fund specific regional clinics and vision van operations in the United States.

During 2013, OneSight recorded \$611,710 as assets released from restriction in the statement of activities and changes in net assets, of which \$317,177 was used to fund sustainable clinics in developing markets and \$146,929 was used to fund clinics and other operations in the State of California. The remainder was used to fund various other programs.

As of December 31, 2013, OneSight has \$964,219 of temporarily restricted net assets, of which \$936,823 is restricted to fund clinics and other programs in the State of California and \$27,396 is restricted to fund specific regional clinics and vision van operations in the United States.

**7. In Kind Contributions**

OneSight records donated goods and services meeting defined characteristics as in-kind contributions. Items recorded as in-kind contributions include donated services of optometrists and other specialized services, and the value of donated equipment, frames, lenses, and medicines

# OneSight

## Notes to Financial Statements

### As of and for the Year Ended December 31, 2013

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used by OneSight in its regional and global clinics. The use of the donated goods and services is charged, as incurred, to functional expenses and is allocated among each appropriate line of the statement of activities and changes in net assets.

Of the total in-kind contributions in 2013, approximately \$999,000 were received from outside parties and the remaining balance from related parties (see Note 8).

#### 8. Related Party Transactions

Luxottica Retail North America Inc. (LRNA), Luxottica North America Distribution LLC (LNAD), Luxottica USA LLC, Eyemed Vision Care LLC, Oliver Peoples, Inc. and Oakley Inc. are consolidated entities of Luxottica Group, SpA. LRNA and LNAD are related parties of OneSight by virtue of providing administrative, program planning and direction, legal, bookkeeping support, and distribution services to OneSight. Certain members of LRNA management serve on OneSight's board of trustees and play a critical role in the daily ongoing operations of OneSight. In addition, LRNA provides for the salary of specialists required in the operation of the vision van, global, and regional clinics. The fair value of services provided by LRNA and LNAD are recognized as in-kind contributions. LRNA, LNAD, Luxottica USA LLC, Oliver Peoples, Inc. and Oakley also donate inventory for use in OneSight's operations. OneSight's management makes its best estimate, based on currently available information, to determine the fair value of donated services and inventory, and believes that the fair values of these in-kind contributions are reasonable. However, the fair value of the contributions may not necessarily be indicative of values that would have been recognized by OneSight had it obtained these services and inventories independently.

Total in-kind contributions received from entities of Luxottica Group approximate \$7,282,000 (47% of unrestricted revenue) in 2013. The composition of in-kind contributions for the year ended December 31, 2013, is approximately as follows:

Cost of skilled personnel	\$ 3,474,000
Inventory (frames, lenses, sunglasses, and readers)	3,346,000
Facilities	311,000
Resource center	93,000
Legal services and insurance	53,000
Other in-kind donations	5,000
	<u>\$ 7,282,000</u>

Total cash contributions from Luxottica Group, SpA, Luxottica USA LLC, Eyemed Vision Care LLC, LRNA and Oakley, Inc. were \$561,675 for 2013. OneSight also received contributions from The LensCrafters Foundation of Canada, a related party of OneSight by virtue of being affiliated with LRNA, of \$450,252 for 2013. These contributions are included as individual, corporate, and employee support in the statement of activities and changes in net assets.

Amounts receivable from related parties at December 31, 2013 were \$640,811.

**OneSight**  
**Notes to Financial Statements**  
**As of and for the Year Ended December 31, 2013**

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**9. Commitments and Contingencies**

**Litigation**

From time to time, the Company is a defendant in lawsuits as a result of services provided through its operations. At December 31, 2013, the Company is not aware of any pending or threatened litigation.

**10. Subsequent Events**

OneSight evaluated subsequent events through June 3, 2014, which is the date the financial statements were available for issuance.

**OneSight**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2013**

**11. Functional Classification of Expenses**

The functional classification of expenses for the year ended December 31, 2013, is as follows:

Description	Total	Program Services							Supporting Activities			
		Global Clinics	Sustainable Developing Markets	Regional Clinics	Sustainable Developed Markets	Vision Van Operations	Resource Center Operations	Outreach	In-Store Programs	Fundraising	Special Events	Program Administration
Donated goods and services	\$ 4,459,677	\$ 1,319,336	\$ 392,167	\$ 757,274	\$ 168,001	\$ 127,562	\$ 202,701	\$ -	\$ -	\$ 322,771	\$ 101,610	\$ 1,068,257
Travel/lodging/meals	2,148,691	1,140,858	289,468	520,883	23,628	29,608	13,394	-	-	16,998	146	113,709
Frame and lens usage	1,136,700	638,714	33,378	353,332	199	43,918	-	67,159	-	-	-	-
Postage and freight	215,146	166,314	16,542	27,097	-	28	18	693	-	887	63	3,505
Printing and supplies	187,548	55,902	72,577	42,560	(40,601)	2,316	27,788	-	5,542	12,637	97	8,730
Depreciation expense	320,163	43,224	-	154,220	-	88,412	34,307	-	-	-	-	-
Maintenance / minor equipment pi	181,177	34,357	19,564	95,203	(37,800)	25,533	39,169	-	-	554	-	4,596
Grants awarded	175,000	-	175,000	-	-	-	-	-	-	-	-	-
Event expenses	183,724	-	-	-	-	-	303	-	-	93,188	90,233	-
Video / photography costs	169,583	-	-	-	-	-	-	-	-	8,237	-	161,347
Consultants / temporary labor	636,739	100,962	76,916	179,451	68,286	4,802	17,933	-	1,428	89,497	8,500	88,965
All other expenses	825,163	115,434	84,759	112,015	27,070	25,137	28,287	5,662	-	158,060	42,422	226,317
	<b>\$ 10,639,312</b>	<b>\$ 3,615,102</b>	<b>\$ 1,160,371</b>	<b>\$ 2,242,034</b>	<b>\$ 208,782</b>	<b>\$ 347,316</b>	<b>\$ 363,899</b>	<b>\$ 73,514</b>	<b>\$ 6,970</b>	<b>\$ 702,828</b>	<b>243,070</b>	<b>\$ 1,675,426</b>