



OneSight
Financial Statements
As Of and For The
Year Ended December 31, 2012 and
Independent Auditor's Report

**OneSight
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Independent Auditor's Report

To the Board of Directors of OneSight:

We have audited the accompanying financial statements of OneSight, which comprise the statement of financial position as of December 31, 2012, 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, 2012, 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.

PricewaterhouseCoopers LLP

June 26, 2013

OneSight
Statement of Financial Position
As of December 31, 2012

Assets	
Cash and cash equivalents	\$ 259,916
Investments	3,791,499
Receivables	1,441,285
Prepaid expenses and other	158,202
Inventory	13,623,655
Property and equipment, net	<u>742,785</u>
Total	<u>\$20,017,342</u>
Liabilities	
Liabilities - accounts payable and accrued expenses	\$ 348,733
Net assets	
Unrestricted	18,600,857
Temporarily restricted	<u>1,067,752</u>
Total net assets	<u>19,668,609</u>
Total	<u>\$20,017,342</u>

See notes to financial statements.

OneSight
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2012

Unrestricted Revenue and Gains	
In-kind contributions	\$ 10,733,460
Individuals	
Customer giving	2,067,902
Employee giving	348,702
Field fundraising	401,485
Clinic fundraising	290,974
Annual fund	46,098
Corporate	
Annual fund	464,001
Special events	579,803
Merchandise sales	547,850
Grants	53,996
Other	41,962
Investment income	96,782
Realized gain on fixed asset disposal	6,711
Realized gain on investments	18,011
Assets released from restriction	96,000
Total unrestricted revenues and gains	<u>15,793,737</u>
Expenses	
Program services	
Global clinics	3,642,820
Sustainable developing markets	706,401
Regional clinics	2,259,886
Sustainable developed markets	587,233
Vision van operations	455,958
Resource center operations	259,155
Outreach programs	78,876
In-store programs	1,754
Total program services	<u>7,992,083</u>
Supporting activities	
Fundraising	389,316
Special events	260,090
Program administration	1,321,464
Total supporting activities	<u>1,970,870</u>
Total expenses	<u>9,962,953</u>
UNRESTRICTED REVENUES IN EXCESS OF EXPENSES	5,830,784
UNREALIZED GAIN ON INVESTMENTS	161,464
CHANGE IN UNRESTRICTED NET ASSETS	<u>5,992,248</u>
TEMPORARILY RESTRICTED NET ASSETS	
Assets released from restriction	(96,000)
Committed Contributions	1,163,752
Increase in temporarily restricted assets	<u>1,067,752</u>
Increase in net assets	7,060,000
Net assets - Beginning of year	12,608,609
Net assets- End of year	<u>\$ 19,668,609</u>

See notes to financial statements.

OneSight
Statement of Cash Flows
For the Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 7,060,000
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	273,038
In-kind contributions of inventory	(7,552,669)
Donor-restricted contribution	(1,083,752)
Gain on fixed asset disposal	(6,711)
Unrealized gain on investments	(161,464)
Realized gain on investments	(18,011)
Investment income	(96,782)
Investment fees	11,483
Changes in	
Receivables	241,126
Prepaid expenses and other	(56,761)
Inventory	2,159,947
Accounts payable and accrued expenses	112,303
Net cash provided by operating activities	<u>881,747</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(18,350)
Proceeds from sale of property and equipment	22,760
Purchases of investments	(693,000)
Net cash used in investing activities	<u>(688,590)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	193,157
CASH AND CASH EQUIVALENTS - Beginning in year	<u>66,759</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 259,916</u>

See notes to financial statements.

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Notes to Financial Statements

For the Year Ended December 31, 2012

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 \$292,212 as of December 31, 2012 (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

For the Year Ended December 31, 2012

its financial position, changes in net assets, or cash flows. The carrying values of these financial instruments approximated fair value at December 31, 2012.

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 two to 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.

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Notes to Financial Statements
For the Year Ended December 31, 2012

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, 2012, are summarized as follows:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	Fair Value
Assets				
Money market funds	\$ -	\$ 833,221	\$ -	\$ 833,221
Mutual funds				
Real estate funds	96,726			96,726
Domestic stock funds	739,721			739,721
International stock funds	482,725			482,725
Fixed-income funds	1,084,104			1,084,104
Commodity fund	129,133			129,133
Other	425,869			425,869
Total mutual funds	2,958,278	-	-	2,958,278
Total	\$ 2,958,278	\$ 833,221	\$ -	\$ 3,791,499

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.

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Notes to Financial Statements
For the Year Ended December 31, 2012

4. Investments

The cost, net unrealized appreciation or depreciation, and fair value of investments recorded as of December 31, 2012, consist of the following:

	Cost	Unrealized Appreciation	Fair Value
Money market funds	\$ 833,221	\$ -	\$ 833,221
Mutual funds	<u>2,837,983</u>	<u>120,295</u>	<u>2,958,278</u>
Total	<u>\$ 3,671,204</u>	<u>\$ 120,295</u>	<u>\$ 3,791,499</u>

The investment net income of \$96,782 is composed of interest income of \$8,804 and dividend income of \$87,978.

5. Property and Equipment

Property and equipment and the related accumulated depreciation as of December 31, 2012, consist of the following:

Vision vans	\$ 1,422,338
Clinic equipment	845,926
Resource center equipment	<u>18,498</u>
Total property and equipment	2,286,762
Accumulated depreciation	<u>(1,543,977)</u>
Property and equipment - net	<u>\$ 742,785</u>

6. Temporarily Restricted Net Assets

During 2012, OneSight recognized \$1,163,752 of future committed contributions as an increase in temporarily restricted net assets, of which \$1,083,752 is restricted to fund clinics and other programs in the State of California and is included in receivables at December 31, 2012. The individual commitments recorded in 2012 approximate fair value as they were due to be collected within 30 days, and used, at OneSight's discretion, to fund operations. During 2012, OneSight received \$96,000, which represents receipt of prior years' committed contributions. These amounts were recorded as assets released from restriction in the statement of activities and changes in net assets. The State of California contribution was received in January 2013.

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 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 2012, approximately \$2,301,000 were received from outside parties and the remaining balance from related parties (see Note 8).

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Notes to Financial Statements

For the Year Ended December 31, 2012

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 \$8,432,000 (54% of unrestricted revenue) in 2012. The composition of in-kind contributions for the year ended December 31, 2012, is approximately as follows:

Inventory (frames, lenses, sunglasses, and readers)	\$ 5,321,000
Cost of skilled personnel	2,620,000
Facilities	317,000
Accounting and legal services	87,000
Equipment for sustainable projects	11,000
Resource center	76,000
	<u>\$ 8,432,000</u>

Total cash contributions from Luxottica USA LLC, Oakley, Eyemed Vision Care and LRNA were \$283,510 for 2012. OneSight also received contributions from The LensCrafters Foundation of Canada, a related party of OneSight by virtue of being affiliated with LRNA, of \$320,428 for 2012. 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, 2012 were \$292,212.

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Notes to Financial Statements
For the Year Ended December 31, 2012

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, 2012, the Company is not aware of any pending or threatened litigation.

10. Subsequent Events

OneSight evaluated subsequent events through June 26, 2013, which is the date the financial statements were available for issuance.

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Notes to the Financial Statements
December 31, 2012

11. Functional Classification of Expenses

The functional classification of expenses for the year ended December 31, 2012, 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	\$ 3,180,791	\$ 718,906	\$ 232,999	\$ 496,632	\$ 230,196	\$ 79,844	\$ 172,334	\$ -	\$ -	\$ 185,262	\$ 65,937	\$ 998,681
Travel/lodging/meals	1,805,195	920,978	157,522	526,958	17,038	43,576	6,671	1,227	-	1,899	47,555	81,771
Frame and lens usage	2,395,526	1,431,934	58,264	676,597	-	157,549	-	69,820	1,362	-	-	-
Postage and freight	198,731	132,800	19,570	34,626	-	405	3,575	1,956	-	3,387	139	2,273
Printing and supplies	305,289	86,308	6,142	84,431	94,932	16,445	1,286	857	-	2,079	8,139	4,670
Depreciation expense	273,038	37,313	-	146,255	-	89,470	-	-	-	-	-	-
Minor equipment purchases	232,114	40,578	-	23,079	161,838	593	4,921	-	-	-	-	1,105
Awards and gifts	35,865	15,642	1,940	7,876	-	-	270	-	-	2,502	5,347	2,288
Event expenses	108,451	-	939	-	-	-	-	-	-	172	107,340	-
Consultants/temporary labor	428,022	124,059	-	105,706	66,894	7,038	1,679	-	392	62,901	10,963	48,390
All other expenses	999,931	134,302	229,025	157,726	16,335	61,038	68,419	5,016	-	13,114	14,670	182,286
	<u>\$ 9,962,953</u>	<u>\$ 3,642,820</u>	<u>\$ 706,401</u>	<u>\$ 2,259,886</u>	<u>\$ 587,233</u>	<u>\$ 455,958</u>	<u>\$ 259,155</u>	<u>\$ 78,876</u>	<u>\$ 1,754</u>	<u>\$ 389,316</u>	<u>\$ 260,090</u>	<u>\$ 1,321,464</u>