

**LIONS EYE INSTITUTE FOR TRANSPLANT AND
RESEARCH, INC. AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2020 AND 2019



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**LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lions Eye Institute for Transplant and Research, Inc. and Affiliate
Tampa, Florida

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Lions Eye Institute for Transplant and Research, Inc. and Affiliate (the Organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Lions Eye Institute for Transplant and Research, Inc. and Affiliate

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
November 16, 2020

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,163,186	\$ 1,327,283
Short-Term Investments	12,718,100	12,607,801
Accounts Receivable, Net	3,303,222	2,699,782
Capitalized Procurement Costs	141,493	-
Lab Supply Inventory	261,739	203,531
Prepaid Expenses	157,231	144,277
Total Current Assets	18,744,971	16,982,674
LONG-TERM ASSETS		
Security Deposits	13,225	13,225
Intangible Assets, Net	1,103,665	1,293,394
Property and Equipment, Net	7,422,414	6,947,599
Total Long-Term Assets	8,539,304	8,254,218
Total Assets	\$ 27,284,275	\$ 25,236,892
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 894,402	\$ 1,103,496
Accrued Expenses	1,393,162	1,183,624
Line of Credit	-	320,000
Other Liabilities	391,290	183,368
Total Current Liabilities	2,678,854	2,790,488
LONG-TERM LIABILITIES		
Note Payable	149,900	-
Total Long-Term Liabilities	149,900	-
Total Liabilities	2,828,754	2,790,488
Without Donor Restrictions	24,455,521	22,446,404
Total Liabilities and Net Assets	\$ 27,284,275	\$ 25,236,892

See accompanying Notes to Consolidated Financial Statements.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE WITHOUT DONOR RESTRICTIONS		
Domestic Placement	\$ 7,645,253	\$ 7,723,447
International Placement:		
Full Fee and Cuts	484,982	347,712
Recovered Reduced Fee	2,408,006	3,020,900
Partner Eye Bank	3,070,040	3,929,845
Total International Placement	5,963,028	7,298,457
Research	593,655	603,325
Non-Ocular Tissue, Net	4,008,278	2,327,282
Other Ancillary	839,700	817,330
Contributions	314,635	197,994
Event Revenue	240,958	228,977
Grant Revenue	38,861	84,082
Donated Goods and Services	267,506	73,713
Total Gross Revenue Without Donor Restrictions	19,911,874	19,354,607
Less: Eye Bank Fees	(2,408,744)	(2,484,877)
Total Net Revenue Without Donor Restrictions	17,503,130	16,869,730
EXPENSES		
Salaries and Benefits	9,441,144	8,993,707
Clinical Supplies	965,546	913,369
Procurement and Processing	2,816,927	3,054,676
Public Relations	868,592	741,694
Utilities	94,174	91,419
Other Expenses	2,742,152	2,779,592
Depreciation and Amortization	672,499	538,103
Total Expenses	17,601,034	17,112,560
OTHER INCOME (EXPENSE)		
Investment Return, Net	569,307	744,738
Interest Expense	(7,626)	(83,452)
Other Income	1,545,340	4,814
Total Other Income	2,107,021	666,100
CHANGE IN NET ASSETS	2,009,117	423,270
Net Assets - Beginning of Year	22,446,404	22,023,134
NET ASSETS - END OF YEAR	\$ 24,455,521	\$ 22,446,404

See accompanying Notes to Consolidated Financial Statements.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,009,117	\$ 423,270
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	672,499	538,103
Gain on Sale of Property and Equipment	(2,725)	(4,814)
Bad Debt Expense	182,159	133,766
Investment Gains	(293,288)	(458,751)
Grants Restricted for Purchase of Property and Equipment	(71,149)	(19,844)
(Increase) Decrease in Assets:		
Accounts Receivable, Net	(785,599)	(478,933)
Capitalized Procurement Costs	(141,493)	-
Lab Supply Inventory	(58,208)	(84,466)
Prepaid Expenses	(12,954)	(53,895)
Security Deposits	-	(8,625)
Increase (Decrease) in Liabilities:		
Accounts Payable	(209,094)	473,497
Accrued Expenses	209,538	417,087
Other Liabilities	207,922	133,328
Net Cash Provided by Operating Activities	1,706,725	1,009,723
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(2,286,056)	(330,863)
Proceeds from Sale of Investments	2,469,045	2,859,954
Purchase of Property and Equipment	(954,860)	(1,597,336)
Proceeds from Sale of Property and Equipment	-	7,125
Net Cash Provided (Used) by Investing Activities	(771,871)	938,880
CASH FLOWS FROM FINANCING ACTIVITIES		
Grants Restricted for Purchase of Property and Equipment	71,149	19,844
Net Payments on Line of Credit	(320,000)	(2,057,710)
Proceeds for Long-Term Debt	149,900	-
Net Cash Used by Financing Activities	(98,951)	(2,037,866)
CHANGE IN CASH AND CASH EQUIVALENTS	835,903	(89,263)
Cash and Cash Equivalents - Beginning of Year	1,327,283	1,416,546
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,163,186	\$ 1,327,283
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 7,626	\$ 83,452

See accompanying Notes to Consolidated Financial Statements.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Lions Eye Institute for Transplant and Research, Inc. (the Institute), is a nonprofit organization created for receiving or acquiring ocular and non-ocular tissue to hold and preserve for delivery to appropriate organizations for the purposes of transplant, research, and medical education. Most of the Institute's board of directors are elected members of area Lions Clubs. The Institute's controlled affiliate is Lions Eye Institute for Transplant and Research Foundation, Inc. (the Foundation), a nonprofit organization formed on June 14, 2005. The Foundation was created to support sight related education, treatment, research and outreach programs, and to support the mission of the Institute. Since inception, the Institute has brought the gift of sight to over 150,000 men, women, and children worldwide.

The Organization's eye bank service is known for its practice excellence in service quality and innovation, constantly developing new processing techniques and products to improve cornea transplant clinical outcomes. The Organization was the first to offer an ultra-thin DSAEK preparation procedure, a nontouch hydro-dissection preparation of DMEK and PDEK grafts, a pre-loaded DSAEK graft, and a pre-loaded DMEK and PDEK graft in a Lions Eye Institute inspired glass tube promoting the smallest incision for implanting DMEK and PDEK corneas.

On February 8, 2017, the Institute acquired International Sight Restoration Inc. (ISR) and Medco Global, Inc. See Note 10 for additional information concerning acquisition.

In 2017, the Institute launched One World Sight Alliance (OWSA), a global network that endeavors to eradicate preventable blindness by way of international tissue distribution, physician training, and eye bank development. The Institute has developed and launched an integrated software solution to provide ocular tissue management, allowing ophthalmologists to request, accept, track, and submit post-op documentation. Through the formation of One World Sight Alliance and the OWSA software, the Institute created a global network of more than 20 eye banks distributing nearly 10,000 corneas a year across the U.S. and around the world.

In November 2018, the Institute partnered with RTI Donor Services, Inc. (RTIDS), a nonprofit organization dedicated to providing responsible stewardship of the gift of tissue donation and announced an expanded relationship to increase efficiencies in tissue donation and enhance patients' lives. Through this relationship, each partner will focus on its core area of expertise. The Institute manages all aspects of tissue recovery services for Florida hospitals in RTIDS' former service area, and RTIDS focuses specifically on acquiring tissue for processing and distribution.

This expansion moved the Institute from exclusively procuring eye tissue to assuming responsibility for procurement of bone, skin, heart valves, connective tissue, and veins used in surgeries and medical research at hospitals throughout Florida.

In 2020, the Institute launched OptiGraft – Sterile Ophthalmic Allografts that serve to maximize the benefits of donated ocular tissues and provide tissue to address glaucoma and cornea clinical indications with tissue that can be stored at room temperature for up to 2 years.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The consolidated financial statements include the Institute and its controlled affiliate, the Foundation (collectively, the Organization). All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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 that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets. Investments with maturities of greater than one year are classified as long-term investments in the consolidated statements of financial position.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts for ocular tissue was approximately \$148,000 and \$60,000 at June 30, 2020 and 2019, respectively. The Organization has also recorded a reserve for nonocular tissue returns of approximately \$515,000 and \$80,000 as of June 30, 2020 and 2019, respectively.

Revenue Recognition

Revenue and related receivables are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their customers. Revenue is recognized as performance obligations are satisfied.

Domestic and international placement revenue consists of ocular tissue procurement and processing fees for tissue to be used for transplant. Placement revenue is recognized at the point in time when shipment of tissue occurs.

Research revenue consists of tissue procurement and processing fees for tissue to be used in research or surgical training facilities. Revenue is recognized at the point in time when shipment of tissue occurs.

Nonocular Tissue, net revenue consists of nonocular tissue procurement and processing fees net of rejected rate. Revenue is recognized at a point in time when procurement occurs.

Other ancillary revenue includes shipping and transaction fees related to domestic and international placements, research tissue placements, and nonocular tissue placements. Other ancillary revenue is recognized at the same time as the related placement revenue is recognized.

Contributions

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, discounted using prevailing risk-free interest rates on the date of the promise.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

There were a total of \$500,000 in conditional contributions and grants awarded in the year ended June 30, 2020. Of the total conditional contributions awarded, \$500,000 depended on incurring qualified expenses and meeting measurable performance-related barriers.

At June 30, 2020, there was a total of approximately \$665,000 conditional contributions and grants that were awarded prior to June 30, 2020 that have not been recognized in the accompanying consolidated statements of activities because the condition(s) on which they depend has not yet been met. Of the total conditional contributions not recognized, approximately \$665,000 depend on incurring qualified expenses and meeting measurable performance-related barriers.

Event Revenue

Event revenue comprise an exchange element based on the value of benefits provided and a conditional contribution element for the difference between the total event revenue and the exchange element. The contribution element is recognized at the point in time in which the event takes place. The exchange element includes meals and entertainment provided at the events. The exchange element is recognized at the point in time when the event occurs. The exchange element totaled approximately \$75,000 and \$65,000 for the years ended June 30, 2020 and 2019, respectively.

Donated Goods and Services

Contributions of goods are recognized to the extent that an objective basis is available to measure the value of such items. Contributions of services are recognized if the services received create or enhance nonfinancial assets, or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Capitalized Procurement Costs

This balance consists of procurement costs incurred on tissue where the procurement and processing fee has not yet been recognized

Lab Supply Inventory

This balance consists of preservative solution and lab supplies for tissue storage and transportation and is valued at the lower of cost or net realizable value, with cost determined on a first-in, first-out basis (FIFO).

Prepaid Expenses

Prepaid expenses consist of amounts paid in advance for expenses that have not yet been incurred.

Intangible Assets

Intangible assets that are determined to have a finite useful life are amortized on a straight-line basis over their estimated useful life. See Note 6 for additional information concerning intangible assets.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If this review reveals an indicator of impairment, as determined based on estimated undiscounted cash flows, the carrying amounts of the related long-lived assets are adjusted to fair value. Management has determined that there has been no impairment in the carrying value of its long-lived assets as of June 30, 2020 and 2019.

Property and Equipment

Property and equipment with a cost greater than \$1,000 and a useful life of more than one year are stated at cost or, if donated, at the estimated fair market value at the date of donation. Expenditures for improvements that significantly extend the useful life of an asset are capitalized. Expenditures for repairs are charged to expense as incurred.

Donations are reported as without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Construction in Progress is not depreciated until placed in service, at which time it is classified as capitalized building improvement. Property and equipment are depreciated using the straight-line method over their estimated useful lives generally as follows:

Buildings	15 to 40 Years
Land and Building Improvements	2 to 40 Years
Furniture and Equipment	3 to 10 Years
Vehicles	3 to 5 Years

Software Development Costs

The Organization capitalizes the direct costs and allocated overhead associated with the development of software. Initial costs are charged to operations as research prior to the development of a detailed program design or a working model. Software in Progress is not amortized until placed in service, at which time it is classified as capitalized. Costs incurred subsequent to the product release, and research and development performed under contract are charged to operations.

The Organization's estimated product life is three to seven years. Unamortized costs are carried at the lower of book value or net realizable value.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Organization provides paid time off (PTO) to regular full-time employees to use for vacation, illness, or injury, and personal business based on length of active employment. Unused PTO may be carried forward to future years up to a maximum of 480 hours per employee. Upon retirement, permanent disability, death, or resignation with notice employees will be paid for accrued PTO benefits up to 480 hours. Unused PTO benefits may be forfeited should an employee be terminated for cause. A liability of approximately \$353,000 and \$288,000 has been recorded as of June 30, 2020 and 2019, respectively, for the accrued PTO earned as of each date. This liability is included in accrued expenses in the accompanying consolidated statements of financial position.

Fair Value Measurements

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis.

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various program and related supporting services have been summarized on a functional basis in Note 11. Accordingly, certain costs have been allocated to the appropriate program and supporting services.

Note 11 reports certain categories of expenses that are attributable to more than one program or supporting service. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on estimates of the time each employee devotes to program, fundraising, and management and general activities. Distribution of all other expenses are based on management's estimates of usage applicable to the program and supporting services benefited.

Income Tax Status

The Institute and Foundation are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements. The Institute and Foundation are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service (IRS).

The Organization has adopted the income tax standard for uncertain tax positions. As a result, the Organization recognized no liability for unrecognized tax benefits.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements. The reclassification had no effect on previously reported changes in net assets or net asset amounts.

Change in Accounting Estimate

During 2020, the Organization changed its functional method of allocating its indirect expenditures from allocating based on personnel headcount and square footage to a percentage estimate. The Organization believes that the new method more accurately allocates its expenditures. The accounting change has not been applied retrospectively. There is no impact on the change in net assets as a result of this change in accounting estimate.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Standard

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The consolidated financial statements reflect the application of ASC 606 guidance beginning in the year ended June 30, 2020. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

Additionally, in June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The consolidated financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. No change to the consolidated financial statements was necessary as the adoption of ASU 2018-08 did not significantly impact the Organization's reported revenues.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 16, 2020, the date the consolidated financial statements were available to be issued.

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. The Organization has experienced reduced activity among domestic and international ocular tissue placements as a result of surgical center closures, hospitals being at decreased capacity and the limited ability to ship tissue internationally. During the period from July 1, 2020 through November 16, 2020, the Organization has experienced an increase in domestic and international ocular tissue placements but the full impact of COVID-19 is unknown and cannot be reasonably estimated.

During the period from July 1, 2020 through November 16, 2020, both domestic and international equity markets have experienced volatility which impacted the Organization's investments. These gains and losses are not included in the consolidated financial statements as of and for the year ended June 30, 2020

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 LIQUIDITY AND AVAILABILITY

As part of the Organization’s liquidity management, it invests cash above daily requirements in equity and debt securities. To help manage unanticipated liquidity needs, the Organization has committed a line of credit in the amount of \$2.9 million which it could draw upon.

The Organization's financial assets available within one year of the financial position date for general expenditures are as follows as of June 30:

	2020	2019
Cash and Cash Equivalents	\$ 2,163,186	\$ 1,327,283
Short-Term Investments	12,718,100	12,607,801
Accounts Receivable, Net	3,303,222	2,699,782
Total	\$ 18,184,508	\$ 16,634,866

NOTE 3 CONCENTRATIONS

Concentration of Credit Risk

The Organization maintains checking and depository accounts with financial institutions which are insured by the Federal Deposit Insurance Corporation up to certain limits. At times, cash balances on deposit may exceed federally insured amounts.

Accounts Receivable

The Organization has receivables from three customers that comprise 65% of gross accounts receivable at June 30, 2020. The Organization had receivables from two customers that comprise 36% of gross accounts receivable at June 30, 2019. RTI Donor Services (RTIDS) is the primary customer resulting from the RTIDS partnership. RTIDS payment to the Organization is predicated upon multiple donor medical history quality assurance processes, resulting in expected RTI receivables aging of approximately 30 – 90 days outstanding per receivable. The nonocular receivable aging is common within the industry and management deems the aging to be acceptable and low risk.

A material number of the Organization’s tissue recipients are located in central Florida.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 INVESTMENTS

The following tables present investments held and fair value hierarchy for the balances of assets measured at fair value on a recurring basis as of June 30:

	2020			
	Level 1	Level 2	Level 3	Total
Short-Term Investments:				
Equity Mutual Funds	\$ 8,323,906	\$ -	\$ -	\$ 8,323,906
Fixed Income Funds	3,884,875	-	-	3,884,875
Money Market Funds	509,319	-	-	509,319
Total Short-Term Investments	<u>\$ 12,718,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,718,100</u>
	2019			
	Level 1	Level 2	Level 3	Total
Short-Term Investments:				
Equity Mutual Funds	\$ 8,467,505	\$ -	\$ -	\$ 8,467,505
Fixed Income Funds	4,116,536	-	-	4,116,536
Money Market Funds	23,760	-	-	23,760
Total Short-Term Investments	<u>\$ 12,607,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,607,801</u>

Investment return, net consists of the following at June 30:

	2020	2019
Interest and Dividend Income	\$ 308,467	\$ 333,927
Net Unrealized Gains	(99,054)	458,751
Net Realized Gains	392,342	-
Investment Fees	(32,448)	(47,940)
Total Investment Return, Net	<u>\$ 569,307</u>	<u>\$ 744,738</u>

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment, net consists of the following as of June 30:

	2020	2019
Land	\$ 905,718	\$ 905,718
Land Improvements	96,135	96,135
Buildings	3,600,978	3,600,978
Buildings Improvements	3,074,189	2,920,333
Furniture, Fixtures, and Office Equipment	970,058	930,364
Laboratory Equipment	1,059,332	766,599
Vehicles	288,130	322,535
Software	610,702	369,122
Construction in Progress	366,725	152,518
Total	<u>10,971,967</u>	<u>10,064,302</u>
Less: Accumulated Depreciation and Amortization	<u>(3,549,553)</u>	<u>(3,116,703)</u>
Total	<u>\$ 7,422,414</u>	<u>\$ 6,947,599</u>

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation and amortization expense for property and equipment was approximately \$482,000 and \$348,000 for the years ended June 30, 2020 and 2019, respectively. The amortization balance (as noted in Note 6 below) also includes approximately \$190,000 for each of the years ended June 30, 2020 and 2019.

NOTE 6 INTANGIBLE ASSETS

Intangible assets subject to amortization consist of the following at June 30:

	Estimated Useful Life	2020	2019
Noncompete Agreements	9 Years	\$ 560,000	\$ 560,000
Other Intangible Assets	15 Years	1,952,601	1,952,601
Less: Accumulated Amortization		<u>(1,408,936)</u>	<u>(1,219,207)</u>
Total		<u>\$ 1,103,665</u>	<u>\$ 1,293,394</u>

Amortization expense for intangible assets was approximately \$190,000 for each of the years ended June 30, 2020 and 2019.

Aggregate amortization expense in future periods is estimated as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 149,975
2022	124,527
2023	124,527
2024	124,527
2025	124,527
Thereafter	<u>455,582</u>
Total	<u>\$ 1,103,665</u>

NOTE 7 RETIREMENT PLAN

The Organization maintains a retirement plan pursuant to Section 403(b) of the IRC. All eligible employees may elect to contribute a portion of their compensation to the plan in accordance with plan provisions. The Organization contributes an amount equal to 2% of a participant's eligible compensation after one year of service, plus 1% for each additional year, up to a maximum of 8%. Employer contributions were approximately \$239,000 and \$174,000 for the years ended June 30, 2020 and 2019, respectively.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 COMMITMENTS AND CONTINGENCIES

Employment and Contractor Agreements

The Organization has entered into agreements with certain employees and contractors for a term of three to five years. Under certain provisions related to disability and termination without cause by Organization or for good reason by the employee or contractor, the Organization may be responsible for additional compensation.

Operating Leases

The Organization leases various office space in Florida under separate noncancellable operating leases, which expire through 2025. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 92,302
2022	62,860
2023	59,400
2024	59,400
2025	51,300
Thereafter	10,800
Total	<u><u>\$ 336,062</u></u>

NOTE 9 LINE OF CREDIT

In January 2017, the Organization opened a line of credit with a financial institution. The available line is \$2,900,000 with any outstanding balance bearing interest of LIBOR plus 2.50% (2.68% and 4.72% at June 30, 2020 and 2019, respectively). The line is secured by the investments owned by the Institute. As of June 30, 2020 and 2019, the amount due on the Line of Credit is approximately \$0 and \$320,000, respectively.

NOTE 10 ACQUISITIONS

The Organization accounts for asset acquisitions by allocating the purchase price to the assets acquired and liabilities assumed based on fair values.

Acquisition of the North Florida Eye Bank

In November 1, 2005, the Organization purchased the entire interest in North Florida Eye Bank, Inc. (NFEB), purchasing certain assets and assuming only the liabilities associated with costs related to customer activity on or after merger date. The total gross purchase price was \$1,150,000 to be paid over an 11-year period. In June 2006, NFEB was merged into the Organization. In April 2010, this agreement was amended to modify the repayment terms by accelerating the remaining payments.

The Organization recorded the net present value (NPV) of cash payments that the Organization paid over the term of the agreement using a discount rate of 7%. The Organization allocated the entire NPV totaling \$1,018,031 to other intangible assets.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 ACQUISITIONS (CONTINUED)

Acquisition of International Sight Restoration Inc.

On February 8, 2017, the Organization acquired International Sight Restoration Inc. (ISR), purchasing certain assets and assuming only the liabilities associated with costs related to customer activity on or after February 9, 2017. The total purchase price was \$1,030,000 of which \$730,000 was paid in cash at closing, and \$300,000 payable six months after closing.

The Organization has allocated the purchase price as follows:

Property and Equipment	\$ 153,430
Other Tangible Assets	2,000
Covenant Not to Compete	500,000
Other Intangible Assets	374,570
Total Purchase Price of Acquisition	<u><u>\$ 1,030,000</u></u>

Acquisition of Medco Global Inc.

On February 8, 2017, the Organization acquired Medco Global Inc., the wholly owned subsidiary of ISR, purchasing certain assets and assuming only the liabilities associated with costs related to customer activity on or after February 9, 2017. The total purchase price was \$620,000 paid in cash at closing.

The Organization has allocated the purchase price as follows:

Other Intangible Assets	\$ 560,000
Covenant Not to Compete	60,000
Total Purchase Price of Acquisition	<u><u>\$ 620,000</u></u>

Asset Purchase Agreement with RTI Donor Services, Inc.

In November 1, 2018, as mentioned in Note 1, the Institute partnered with RTI Donor Services, Inc. (RTIDS), to increase efficiencies in tissue donation and enhance patients' lives. The Institute received ownership and title to certain physical assets and assumed responsibility of certain assigned agreements and space lease. The total asset purchase was \$50,000 which was due and payable upon closing.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 FUNCTIONAL EXPENSES

The accompanying consolidated statements of activities present the Organization's expenses based on their natural classification. The table below presents expenses by both their nature and function for the year ended June 30, 2020.

	Program Services	Supporting Services			Total 2020 Expenses
		Management and General	Fundraising	Total	
Salaries and Benefits	\$ 7,636,213	\$ 1,667,761	\$ 137,170	\$ 1,804,931	\$ 9,441,144
Clinical Supplies	964,665	881	-	881	965,546
Procurement and Processing	2,799,535	17,392	-	17,392	2,816,927
Professional Services	691,355	579,063	-	579,063	1,270,418
Public Relations	660,071	208,521	-	208,521	868,592
Depreciation and Amortization	575,945	96,554	-	96,554	672,499
Utilities	75,015	19,159	-	19,159	94,174
Events	-	-	168,703	168,703	168,703
Bad Debt Expense	182,159	-	-	-	182,159
Grants	50,000	-	-	-	50,000
Other Expenses	495,832	510,722	64,318	575,040	1,070,872
Total Expenses per Statement of Activities	<u>14,130,790</u>	<u>3,100,053</u>	<u>370,191</u>	<u>3,470,244</u>	<u>17,601,034</u>
Eye Bank Fees	2,408,744	-	-	-	2,408,744
Total Expenses	<u>\$ 16,539,534</u>	<u>\$ 3,100,053</u>	<u>\$ 370,191</u>	<u>\$ 3,470,244</u>	<u>\$ 20,009,778</u>

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 FUNCTIONAL EXPENSES (CONTINUED)

The table below presents expenses by both their nature and function for the year ended June 30, 2019.

	Program Services	Supporting Services			Total 2019 Expenses
		Management and General	Fundraising	Total	
Salaries and Benefits	\$ 7,824,494	\$ 950,301	\$ 218,912	\$ 1,169,213	\$ 8,993,707
Procurement, Processing, and Supplies	4,004,806	-	-	-	4,004,806
Professional Services	464,460	519,977	-	519,977	984,437
Public Relations	662,317	79,377	-	79,377	741,694
Depreciation and Amortization	493,718	35,312	9,073	44,385	538,103
Meetings and Travel	384,272	61,965	-	61,965	446,237
Office and Occupancy	299,701	21,435	5,508	26,943	326,644
Events	-	14,189	155,376	169,565	169,565
Bad Debt Expense	133,766	-	-	-	133,766
Grants	103,307	-	-	-	103,307
Other Expenses	217,125	405,293	47,876	453,169	670,294
Total Expenses per Statement of Activities	<u>14,587,966</u>	<u>2,087,849</u>	<u>436,745</u>	<u>2,524,594</u>	<u>17,112,560</u>
Eye Bank Fees	2,484,877	-	-	-	2,484,877
Total Expenses	<u>\$ 17,072,843</u>	<u>\$ 2,087,849</u>	<u>\$ 436,745</u>	<u>\$ 2,524,594</u>	<u>\$ 19,597,437</u>

NOTE 12 NOTE PAYABLE

In May 2020, the Organization received a loan from the U.S. Small Business Administration (SBA) in the amount of \$150,000. The loan bears interest at a fixed rate of 2.75% per annum, has a term of 30 years, and is unsecured. Repayment to begin in June 2021 for a monthly payment of \$641.

Maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ -
2022	3,504
2023	3,602
2024	3,702
2025	3,805
Thereafter	135,287
Total	<u>\$ 149,900</u>

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 OTHER INCOME

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. On April 10, 2020, the Organization received a loan from Bank of Tampa in the amount of \$1,525,900 to fund payroll, rent, utilities, and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from 04/13/2020 to 06/07/2020 is the time that the Organization has to spend its PPP Loan funds.

The Organization has assessed that the conditions of this agreement have been substantially met as of June 30, 2020, hence the full amount of the PPP Loan has been recognized in the accompanying consolidated statements of activities as Other Income.

The SBA has not formally forgiven any portion of the Organization's obligation under this PPP Loan. If the SBA determines that a portion of the PPP Loan proceeds will not be forgiven, the Organization would be obligated to repay those funds to the SBA.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	<u>Institute</u>	<u>Foundation</u>	<u>Eliminating Entries *</u>	<u>Total</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,646,567	\$ 516,619	\$ -	\$ 2,163,186
Short-Term Investments	12,718,100	-	-	12,718,100
Accounts Receivable, Net	3,303,152	70	-	3,303,222
Capitalized Procurement Costs	141,493	-	-	141,493
Lab Supply Inventory	261,739	-	-	261,739
Prepaid Expenses	135,247	21,984	-	157,231
Intercompany Payable	(23,881)	23,881	-	-
Total Current Assets	<u>18,182,417</u>	<u>562,554</u>	<u>-</u>	<u>18,744,971</u>
LONG-TERM ASSETS				
Security Deposits	13,225	-	-	13,225
Intangible Assets, Net	1,103,665	-	-	1,103,665
Property and Equipment, Net	7,422,414	-	-	7,422,414
Total Long-Term Assets	<u>8,539,304</u>	<u>-</u>	<u>-</u>	<u>8,539,304</u>
Total Assets	<u>\$ 26,721,721</u>	<u>\$ 562,554</u>	<u>\$ -</u>	<u>\$ 27,284,275</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 838,953	\$ 55,449	\$ -	\$ 894,402
Accrued Expenses	1,389,162	4,000	-	1,393,162
Other Liabilities	379,290	12,000	-	391,290
Total Current Liabilities	<u>2,607,405</u>	<u>71,449</u>	<u>-</u>	<u>2,678,854</u>
LONG-TERM LIABILITIES				
Note Payable	149,900	-	-	149,900
Total Long-Term Liabilities	<u>149,900</u>	<u>-</u>	<u>-</u>	<u>149,900</u>
Total Liabilities	2,757,305	71,449	-	2,828,754
NET ASSETS				
Without Donor Restrictions	<u>23,964,416</u>	<u>491,105</u>	<u>-</u>	<u>24,455,521</u>
Total Liabilities and Net Assets	<u>\$ 26,721,721</u>	<u>\$ 562,554</u>	<u>\$ -</u>	<u>\$ 27,284,275</u>

* Eliminating Entries represent total of intercompany transactions reflected in the Institute and Foundation columns.

LIONS EYE INSTITUTE FOR TRANSPLANT AND RESEARCH, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Institute</u>	<u>Foundation</u>	<u>Eliminating Entries *</u>	<u>Total</u>
REVENUE WITHOUT DONOR RESTRICTIONS				
Domestic Placement	\$ 7,645,253	\$ -	\$ -	\$ 7,645,253
International Placement:				
Full Fee and Cuts	484,982	-	-	484,982
Recovered Reduced Fee	2,408,006	-	-	2,408,006
Partner Eye Bank	3,070,040	-	-	3,070,040
Total International Placement	<u>5,963,028</u>	<u>-</u>	<u>-</u>	<u>5,963,028</u>
Research	593,655	-	-	593,655
Non-Ocular Tissue, Net	4,008,278	-	-	4,008,278
Other Ancillary	839,700	-	-	839,700
Contributions	479,494	496,582	(661,441)	314,635
Event Revenue	-	240,958	-	240,958
Grant Revenue	-	38,861	-	38,861
Donated Goods and Services	-	267,506	-	267,506
Total Revenue Without Donor Restrictions	<u>19,529,408</u>	<u>1,043,907</u>	<u>(661,441)</u>	<u>19,911,874</u>
Less: Eye Bank Fees	<u>(2,408,744)</u>	<u>-</u>	<u>-</u>	<u>(2,408,744)</u>
Total Net Revenue Without Donor Restrictions	<u>17,120,664</u>	<u>1,043,907</u>	<u>(661,441)</u>	<u>17,503,130</u>
EXPENSES				
Salaries and Benefits	9,258,977	182,167	-	9,441,144
Clinical Supplies	965,546	-	-	965,546
Procurement and Processing	2,816,927	-	-	2,816,927
Public Relations	868,592	-	-	868,592
Utilities	94,174	-	-	94,174
Other Expenses	2,610,662	792,931	(661,441)	2,742,152
Depreciation and Amortization	672,499	-	-	672,499
Total Expenses	<u>17,287,377</u>	<u>975,098</u>	<u>(661,441)</u>	<u>17,601,034</u>
OTHER INCOME (EXPENSE)				
Investment Return, Net	569,307	-	-	569,307
Interest Expense	(7,626)	-	-	(7,626)
Other Income	1,542,755	2,585	-	1,545,340
Total Other Income	<u>2,104,436</u>	<u>2,585</u>	<u>-</u>	<u>2,107,021</u>
CHANGE IN NET ASSETS	1,937,723	71,394	-	2,009,117
Net Assets - Beginning of Year	<u>22,026,693</u>	<u>419,711</u>	<u>-</u>	<u>22,446,404</u>
NET ASSETS - END OF THE YEAR	<u>\$ 23,964,416</u>	<u>\$ 491,105</u>	<u>\$ -</u>	<u>\$ 24,455,521</u>

* Eliminating Entries represent total of intercompany transactions reflected in the Institute and Foundation columns.