

HelpMeSee, Inc.

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2022

HelpMeSee, Inc.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors
HelpMeSee, Inc.
New York, New York**

Opinion

We have audited the accompanying consolidated financial statements of HelpMeSee, Inc. (the “*Organization*”), which comprise the consolidated statements of financial position as of December 31, 2022 and the related consolidated statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**Board of Directors
HelpMeSee, Inc.
New York, New York**

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 consolidated financial statements, and our report dated May 11, 2022, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
April 27, 2023**

HelpMeSee, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2022 And 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 8,360,144	\$ 9,343,612
Accounts receivable	993,769	717,905
Pledges receivable <i>(Note 2)</i>	6,150	6,250
Grants receivable	55,269	10,077
Prepaid expenses and other assets	164,957	213,378
Inventory	520,584	114,191
Furniture, equipment and capital expenses, net <i>(Note 3)</i>	9,469,794	8,988,045
Right of use assets <i>(Note 6)</i>	<u>657,150</u>	<u>-</u>
Total assets	<u>\$ 20,227,817</u>	<u>\$ 19,393,458</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts and accrued expenses payable	\$ 2,211,420	\$ 1,154,584
Operating lease liability <i>(Note 6)</i>	<u>695,970</u>	<u>-</u>
Total liabilities	<u>2,907,390</u>	<u>1,154,584</u>
NET ASSETS		
Without donor restrictions	9,959,986	10,086,050
With donor restrictions <i>(Note 4)</i>	<u>7,360,441</u>	<u>8,152,824</u>
Total net assets	<u>17,320,427</u>	<u>18,238,874</u>
Total liabilities and net assets	<u>\$ 20,227,817</u>	<u>\$ 19,393,458</u>

HelpMeSee, Inc.

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2022 With Summarized Information For 2021

	Without Donor Restrictions	With Donor Restrictions	TOTALS	
			2022	2021
PUBLIC SUPPORT				
Individuals	\$ 289,527	\$ 56,930	\$ 346,457	\$ 423,300
Corporations	-	-	-	4,850
Foundations (<i>Note 5</i>)	14,177,232	15,600	14,192,832	6,112,660
Bequests	-	-	-	59,460
Government	285,795	-	285,795	10,077
PPP grants (<i>Note 9</i>)	-	-	-	869,865
ERC credit (<i>Note 9</i>)	-	-	-	648,593
Investment income	(2,855)	-	(2,855)	211
Training income	184,180	-	184,180	119,840
Other income	26,302	-	26,302	-
Net assets released from restriction (<i>Note 4</i>)	<u>864,913</u>	<u>(864,913)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>15,825,094</u>	<u>(792,383)</u>	<u>15,032,711</u>	<u>8,248,856</u>
EXPENSES				
Program services				
Training Cataract specialists and supporting practice readiness	12,958,764	-	12,958,764	10,001,183
Public awareness	<u>600,392</u>	<u>-</u>	<u>600,392</u>	<u>374,467</u>
Total program services	<u>13,559,156</u>	<u>-</u>	<u>13,559,156</u>	<u>10,375,650</u>
Supporting services				
Management and general	1,200,104	-	1,200,104	800,538
Fundraising	<u>1,056,446</u>	<u>-</u>	<u>1,056,446</u>	<u>617,678</u>
Total supporting services	<u>2,256,550</u>	<u>-</u>	<u>2,256,550</u>	<u>1,418,216</u>
Total expenses	<u>15,815,706</u>	<u>-</u>	<u>15,815,706</u>	<u>11,793,866</u>
Surplus/(deficit) of revenue over expenses	9,388	(792,383)	(782,995)	(3,545,010)
OTHER CHANGES				
Litigation settlement (<i>Note 7</i>)	-	-	-	2,384,049
Litigation trust net expenditures (<i>Note 7</i>)	-	-	-	(309,961)
Foreign currency loss	<u>(135,452)</u>	<u>-</u>	<u>(135,452)</u>	<u>(64,772)</u>
Change in net assets	(126,064)	(792,383)	(918,447)	(1,535,694)
NET ASSETS				
Beginning of year	<u>10,086,050</u>	<u>8,152,824</u>	<u>18,238,874</u>	<u>19,774,568</u>
End of year	<u>\$ 9,959,986</u>	<u>\$ 7,360,441</u>	<u>\$ 17,320,427</u>	<u>\$ 18,238,874</u>

HelpMeSee, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	<u>Training Cataract Specialists And Supporting Practice Readiness</u>	<u>Public Awareness</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>2022 Total Expense</u>
Salaries	\$ 3,421,482	\$ 201,332	\$ 3,622,814	\$ 606,950	\$ 578,382	\$ 4,808,146
Benefits and related payroll expenses	<u>620,480</u>	<u>36,511</u>	<u>656,991</u>	<u>110,069</u>	<u>104,889</u>	<u>871,949</u>
Total salaries and related costs	4,041,962	237,843	4,279,805	717,019	683,271	5,680,095
Program grants/costs						
Training Tuition	263,600	-	263,600	-	-	263,600
Simulator maintenance	2,958,668	4,242	2,962,910	-	-	2,962,910
Professional services	1,878,805	189,879	2,068,684	398,234	162,025	2,628,943
Printing and postage	25,716	38	25,754	2,768	39,484	68,006
Travel and meetings	449,645	40,260	489,905	6,829	28,001	524,735
Office expenses	538,417	1,638	540,055	26,615	24,908	591,578
Advertising and promotion	7,206	61,713	68,919	127	15,661	84,707
IT and web	269,633	25,955	295,588	19,506	66,345	381,439
Depreciation expense	2,401,661	-	2,401,661	4,316	7,912	2,413,889
Miscellaneous expense	<u>123,451</u>	<u>38,824</u>	<u>162,275</u>	<u>24,690</u>	<u>28,839</u>	<u>215,804</u>
Total expenses	<u>\$12,958,764</u>	<u>\$ 600,392</u>	<u>\$13,559,156</u>	<u>\$ 1,200,104</u>	<u>\$ 1,056,446</u>	<u>\$ 15,815,706</u>

HelpMeSee, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	<u>Training Cataract Specialists And Supporting Practice Readiness</u>	<u>Public Awareness</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>2021 Total Expense</u>
Salaries	\$ 3,613,549	\$ 226,928	\$ 3,840,477	\$ 504,622	\$ 386,840	\$ 4,731,939
Benefits and related payroll expenses	<u>577,941</u>	<u>36,294</u>	<u>614,235</u>	<u>80,708</u>	<u>61,870</u>	<u>756,813</u>
Total salaries and related costs	4,191,490	263,222	4,454,712	585,330	448,710	5,488,752
Program grants/costs						
Training Tuition	188,400	-	188,400	-	-	188,400
Simulator maintenance	441,132	-	441,132	-	-	441,132
Professional services	1,939,452	73,731	2,013,183	118,800	40,911	2,172,894
Printing and postage	6,122	-	6,122	526	990	7,638
Travel and meetings	233,642	403	234,045	2,448	3,575	240,068
Office expenses	615,311	69	615,380	48,394	18,191	681,965
Advertising and promotion	1,361	179	1,540	-	45	1,585
IT and web	419,710	33,811	453,521	26,670	68,671	548,862
Depreciation expense	1,859,654	-	1,859,654	9,687	12,455	1,881,796
Miscellaneous expense	<u>104,909</u>	<u>3,052</u>	<u>107,961</u>	<u>8,683</u>	<u>24,130</u>	<u>140,774</u>
Total expenses	<u>\$10,001,183</u>	<u>\$ 374,467</u>	<u>\$10,375,650</u>	<u>\$800,538</u>	<u>\$617,678</u>	<u>\$ 11,793,866</u>

HelpMeSee, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 And 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (918,447)	\$ (1,535,694)
<i>Adjustments to reconcile change in net assets to Net cash provided by (used for) operating activities:</i>		
Depreciation	2,413,889	1,881,796
Amortization of right of use asset	315,721	-
(Increase)/decrease in assets:		
Accounts receivable	(275,864)	(685,693)
Pledges receivable	100	4,899
Grants receivable	(45,192)	(10,077)
Prepaid expenses and other assets	48,421	18,182
Inventory	(406,393)	(72,849)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	1,056,836	185,242
Refundable Advance	-	(425,210)
Net cash provided by (used for) operating activities	<u>2,189,071</u>	<u>(639,404)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture, equipment and capital expenses	<u>(2,895,639)</u>	<u>(3,182,565)</u>
Net cash used for investment activities	<u>(2,895,639)</u>	<u>(3,182,565)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest on lease liability	10,104	-
Operating lease liability payments	<u>(287,004)</u>	<u>-</u>
Net cash used for financing activities	<u>(276,900)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(983,468)	(3,821,969)
CASH		
Beginning of year	<u>9,343,612</u>	<u>13,165,581</u>
End of year	<u>\$ 8,360,144</u>	<u>\$ 9,343,612</u>
SUPPLEMENTAL DISCLOSURE		
Right-of-use-asset in exchange for new financing liability	<u>\$ 972,871</u>	<u>\$ -</u>

HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022 And 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

HelpMeSee, Inc., (the “*Organization*”) is a global campaign to eliminate blindness caused by untreated cataracts. Twenty million people living in the developing world are blind for two basic reasons:

1. They have no access to highly trained cataract specialists where they live. In many countries, there is as few as one ophthalmologist per one million people.
2. They are extremely poor, earning just \$1 or \$2 per day when they are employed, so they cannot afford treatment even if it were available.

The centerpiece of the HelpMeSee strategy is to increase surgical access by training thousands of highly skilled cataract specialists to perform Manual Small Incision Cataract Surgery (MSICS). This operation is a quick, highly effective, and very low-cost procedure with results comparable to more expensive procedures practiced in the developed world.

It is HelpMeSee’s intention to train approximately 30,000 MSICS specialists to perform 60 million surgeries in 20 years. HelpMeSee’s specific goals are:

- Train cataract specialists (the majority of whom will be women) to perform a single standardized surgical procedure (MSICS) with high skill and at the lowest possible cost.
- Achieve the largest possible scale by utilizing highly standardized training methods and equipment, including very high fidelity virtual reality simulators, courseware, and methods adapted from commercial aviation pilot training.
- Conduct the training of residents living in the developing world who are willing and eager to serve the poor living in remote communities.
- Train those individuals, based upon HelpMeSee’s judgement, who have a high probability of successfully completing the course of instruction.
- Continuously improve quality of MSICS care, through applied research, refinement of procedural steps, and pre-sterilized single use surgical kits.
- Continuously develop and improve training modules in ophthalmic surgical care including technology for providing training for phacoemulsification, complication management and suturing. Efforts are in place to develop modules for ocular trauma, and pediatric cataracts and anterior vitrectomy.
- Achieve the best standards of quality of surgical care, infection control and patient safety.
- Mobilize financial, material and volunteer resources to achieve sustainable funding solutions for the elimination of blindness caused by cataracts worldwide through private and public partnerships on behalf of the poor at the lowest possible cost.
- Pay surgical partners (only where the need is justified) for high quality cataract surgeries provided to the poor upon submission of specific, detailed and verifiable documentation for each completed procedure. Maintain transparent accounting of funds used and results achieved.
- Provide educational, technical, and financial support when necessary including loans to graduates so they may establish “best practice” business and surgical management systems specific to their practice locale in order to deliver high volume and high quality cataract surgeries, which are patient-centered. HelpMeSee aims to achieve this with the establishment of partnerships with other charitable organizations who are involved in this type of work
- Establish/utilize a web and cloud based electronic surgical report system for surgical quality assurance, and monitoring and evaluation of outcomes for every graduate, surgical partner and patient.
- Develop proactive surgical eye-care policies with country governments and local insurance providers to include MSICS as essential surgery within the primary healthcare delivery.

HelpMeSee, based out of New York, has two international offices: China and India. The operations of these offices are included in the financial statements.

HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

BASIS OF PRESENTATION

The financial statements include the accounts of the Organization; its branch offices in China and India, and its controlled organization (through the Board of Directors and economic interest) in India.

The financial statements are presented in U.S. dollars. The financial records of these branch offices and controlled organizations are kept in local currencies. Assets, liabilities and net assets are translated at year-end rates of exchange and revenue and expenses are translated using the month end exchange rates supplied by an independent source. Significant intercompany transactions have been eliminated in the consolidation.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

The Organization occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“ASC”) 825, “*Financial Instruments*”, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents.

INVENTORY

Inventory is carried at the lower of cost or market, using the first-in, first-out valuation method.

FIXED ASSETS AND CAPITAL EXPENSES

Fixed assets are recorded at cost. Equipment is capitalized, while maintenance and repairs are expensed when incurred. The Organization provides depreciation on furniture, fixtures and equipment by the straight-line method at rates calculated using the estimated useful lives of the respective depreciable assets, generally three to seven years. Capital expenses in connection with enhancements of existing equipment (simulators) are capitalized and depreciated. Capital expenses in connection with prototype equipment are expensed as incurred.

REVENUE RECOGNITION

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met.

Contributions and promises to give are considered available for general use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts-in-kind are recorded at fair value on the date of receipt.

HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

NET ASSETS

The Organization's 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:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary mission of the Organization. Net assets without donor restrictions consist of assets for general operations.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts and pledges. Expirations of restrictions of net assets with donor restrictions are reported as net assets released from restriction.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, IT and Web and depreciation. These expenses are allocated based on analysis of time and effort and other factors determined by management.

INCOME TAXES

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) of the Internal Revenue Code and recognized as a public charity under Section 509(a)(1) of the Internal Revenue Code.

Management has reviewed the tax positions for the open tax years 2019 - 2021 or expected to be taken on the Organization's 2022 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2021, from which the summarized information was derived.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Topic 842 requires an organization to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The Organization implemented the provisions of ASU 2016-02 as of January 1, 2022 by applying the modified retrospective transition approach for leases existing as of the beginning of the period of adoption. As such, the Organization has not adjusted the statement of financial position for comparative periods; and, this ASU did not result in a cumulative effect adjustment to the opening balance of net assets. The Organization has elected to apply the package of practical expedients within ASU 2016-02 such that the Organization did not reassess: (1) if expired or existing contracts are, or contain, leases; (2) lease classification for any expired or existing leases; and (3) initial direct costs for any existing leases. The Organization has elected, as a practical expedient, not to separate non-lease components from lease components, and instead account for each separate component as a single lease component for all lease arrangements, as lessee. In addition, the Organization has elected, as a practical expedient, not to apply lease recognition requirements to short-term lease arrangements, generally those with a lease term of less than 12-months, for all classes of underlying assets. Refer to Note 6 for additional details.

HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

(2) PLEDGES RECEIVABLE

Pledges receivable are due as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Receivable in one year	\$ 3,150	\$ 2,250
Receivable in one to five years	<u>3000</u>	<u>4,000</u>
Total pledges receivable	<u>\$ 6,150</u>	<u>\$ 6,250</u>

(3) FURNITURE, EQUIPMENT AND CAPITAL EXPENSES

At December 31, 2022 and 2021, furniture and equipment consists of the following:

	<u>2022</u>	<u>2021</u>
Office furniture	\$ 37,192	\$ 37,192
Office equipment	153,937	128,308
Leasehold improvements	339,746	272,205
Simulators	6,848,206	6,053,225
Simulator development	4,191,038	2,840,229
Courseware	3,707,476	3,043,769
Computers	<u>108,031</u>	<u>89,105</u>
	15,385,626	12,464,033
Less: accumulated depreciation and amortization	<u>5,915,832</u>	<u>3,475,988</u>
	<u>\$ 9,469,794</u>	<u>\$ 8,988,045</u>

Depreciation expense for the years ended December 31, 2022 and 2021 totaled \$2,413,889 and \$1,881,796, respectively.

The Organization continues to enhance its virtual reality simulator and courseware to train cataract specialist in Manual Small Incision Cataract Surgery (MSICS). The design calls to achieve a level of realism that is virtually indistinguishable from live surgery performed by an experienced surgeon. This will replace traditional MSICS training with simulator based proficiency training rather than using it as an adjunct to live training. The Organization is applying the aviation FAA level D simulator standard both as a quality standard and as a template for developing the simulator. The various component technologies required for simulation that meets the Organizations goals are:

- Haptic
- Large incision, topological changes
- Tissue/tool collision
- Deformation
- Force calculation

Proficiency level of training of cataract surgeons is accomplished with Instructor Based Training (IBT), Computer Based Training (CBT) and Simulator Based Training (SBT) instructional curriculum and learning management systems. The Organization has successfully developed proof of concept models of the Eye Surgical Simulator for Cataract. Based on relative merits of the models and cost considerations the chosen concept will go into further development and production. A physics based model of the eye is developed with the support of highly experienced subject matter experts to ensure that the virtual reality technology is as effective for skill development as a surgeon would learn while operating on patients and with an added advantage of zero patient risk.

In 2022, the Organization commenced development of virtual reality simulation and courseware to train cataract specialists in Phacoemulsification (Phaco). These costs are being expensed as incurred. For the year ended December 31, 2022, development costs of \$2,476,141 was expensed.

HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

(4) NET ASSETS

Net assets with donor restrictions are available for the following purposes at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for a special purpose:		
Cataract surgeries	\$ 5,338,167	\$ 5,275,637
Patient database	291,028	315,196
Training	<u>1,731,246</u>	<u>2,561,991</u>
Total	<u>\$ 7,360,441</u>	<u>\$ 8,152,824</u>

Net assets included above and related to the litigation award including interest income amounted to \$5,280,481 and \$6,140,394 at December 31, 2022 and December 31, 2021, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended December 31, 2022:

	<u>2022</u>
Litigation Award Funds:	
Training	\$ 835,745
Simulator development	5,000
Patient database	<u>24,168</u>
Total	<u>\$ 864,913</u>

(5) CONTRIBUTIONS

For the year ended December 31, 2022, the Organization received contributions from two foundations in the amount of \$14,100,000, which represents 94% of the Organization's total revenue. For the year ended December 31, 2021, the Organization received contributions from one foundation in the amount of \$6,000,000, which represented 74% of the Organization's total revenue.

(6) LEASES

The Organization has agreements to lease office space under several leases, with an initial term greater than 12 months. The Organization determines whether an agreement is or contains a lease at lease inception. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease, measured at an amount equal to the present value of the minimum lease payments over the remaining expected term of the lease. Rent is being expensed on a straight - line basis over the term of the leases. Amortization expense and interest expense related to the Organization's finance leases are included in office expenses, on the statement of functional expenses.

In determination of the lease term, the Organization considers the likelihood of lease renewal options and lease termination provisions.

The discount rate for a lease is derived from the rate implicit in the lease whenever readily determinable or the Organization's incremental borrowing rate.

Operating Lease Amounts:	
Right-of-use assets	\$ 657,150
Lease liabilities	695,970
Other Information:	
Operating outgoing cash flows for operating leases	\$ 276,900
Weighted-average remaining lease term	3.01 years
Weighted average discount rate	1.34%

Lease cost information for the year ended December 31, 2022 is as follows:

Operating lease cost	<u>\$ 315,721</u>
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HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

The Organization has leases for office space, which expire through May 2026, for its New York, New Jersey, China and India offices.

Future lease payments at December 31, 2022 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 240,139
2024	232,296
2025	193,087
2026	<u>44,451</u>
Total undiscounted cash flows	709,973
Less: present value adjustment	<u>(14,003)</u>
Lease liability	<u>\$ 695,970</u>

(7) LITIGATION

In connection with the litigation with Wonder Work, Inc. (f/k/a Surgery for the Poor, Inc., hereinafter “Wonderwork”), the Organization was awarded \$16,054,348 which consisted of attorney fees and costs. Wonderwork filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code before the U.S. Bankruptcy Court for the Southern District of New York. In 2018, as a final settlement with the Organization, the Trustee of the Wonderwork bankruptcy approved \$10,073,193 of restricted funds, based upon a proposal submitted by the Organization for the planned disbursement of such restricted funds. In the Organization’s proposal, expenditure of the restricted funds is planned over a five-year period.

In connection with the final settlement, the Organization and other creditors established a litigation trust (“Trust”) to commence action against other parties involved with Wonderwork and its bankruptcy including the former president, Board of Directors and its auditors. The Organization holds a 99% membership in this Trust. During the year ended December 31, 2021, the Organization was awarded final settlements of \$2,384,049 related to the Trust litigation. During the year ended December 31, 2021 and 2020, the Organization recorded net expenditures of \$309,961 and \$68,921, respectively, in connection with the Trust. Both the settlement proceeds and expenses are included under “Other Changes” in the Consolidated Statement of Activities and Changes in Net Assets. As the final settlement was distributed and all expenses paid, the Trust was fully liquidated in 2021.

(8) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Organization strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in an interest-bearing cash account. As part of the Organization’s liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following table reflects the Organization’s financial assets as of December 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contracted restrictions. Amounts not available to meet general expenditures within one year may include net assets with donor restrictions.

Financial Assets	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 8,360,144	\$ 9,343,612
Accounts receivable	993,769	717,905
Pledges receivable	6,150	6,250
Grants receivable	<u>55,269</u>	<u>10,077</u>
	9,415,332	10,077,844
Less: Restricted net assets not to be expended within one year	<u>6,533,841</u>	<u>7,019,823</u>
Total financial assets available within one year	<u>\$ 2,881,491</u>	<u>\$ 3,058,021</u>

HelpMeSee, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2022 And 2021

(9) PAYCHECK PROTECTION PROGRAM

On February 10, 2021, the Organization received a \$444,655 loan under the Small Business Administration's ("**SBA**") Paycheck Protection Program Second Draw Loan ("**PPP Second Draw Loan**") under the Consolidated Appropriations Act 2021, Additional Coronavirus Response and Relief provisions. PPP Second Draw Loans are eligible for forgiveness if the Foundation incurs qualifying expenses over a period of time not to exceed 24 weeks. The period of time in which qualifying expenses may be incurred commences upon receipt of the loan. Any portion of the loan not forgiven is payable over a 5-year period at an interest rate of 1%. The Organization considered the incurrence of eligible expenses and the acceptance of its application for forgiveness to be barriers in the PPP Second Draw Loan agreement and as such, would recognize contribution income when these conditions were substantially met. As the Organization had met all PPP loan conditions on incurred expenses of \$444,655, on September 25, 2021, the Foundation was notified by the SBA that the loan had been forgiven. As such, for the year ended December 31, 2021, this amount has been included in the Statement of Activities and Changes in Net Assets with PPP grant revenue. Additionally, the Organization received a \$425,210 loan under the SBS's Paycheck Protection Program. The Organization met all the PPP loan conditions on the incurred expenses of \$425,210 on January 16, 2021. As such, this amount has been included in the Statement of Activities and Changes in Net Assets with PPP grant revenue for the year ended December 31, 2021.

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "**CARES Act**") signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Organization believes that it was eligible for a refundable employee retention credit. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter. During the fiscal year ended December 31, 2021, the Organization recorded \$648,594 related to the CARES Employee Retention Credit ("**ERC**") with accounts receivable on the Consolidated Statement of Financial Position. Related, as of December 31, 2021, ERC revenue of \$648,593 is included on the Consolidated Statement of Activities and Changes in Net Assets. The funds were received on July 18, 2022.

The PPP Loan, PPP Second Draw Loan and the ERC program are subject to audit by the Federal Government for eligibility and related costs.

(10) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, April 27, 2023 have been evaluated in the preparation of the financial statements.