

HIMALAYAN CATARACT PROJECT, INC.

AUDIT REPORT

DECEMBER 31, 2010 AND 2009

HIMALAYAN CATARACT PROJECT, INC.
AUDIT REPORT
TABLE OF CONTENTS
DECEMBER 31, 2010 AND 2009

		<u>Page #</u>
Independent Auditor's Report		1
Statement of Financial Position	Exhibit I	2
Statement of Activities	Exhibit II	3
Statement of Functional Expenses	Exhibit III	4
Statement of Cash Flows	Exhibit IV	5
Notes to the Financial Statements		6-16

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Independent Auditor's Report

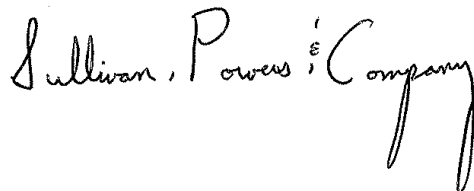
Board of Directors
Himalayan Cataract Project, Inc.
P.O. Box 55
Waterbury, Vermont 05676

We have audited the accompanying statement of financial position of Himalayan Cataract Project, Inc. as of December 31, 2010 and 2009 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Himalayan Cataract Project, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Himalayan Cataract Project, Inc. as of December 31, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

May 9, 2011
Montpelier, Vermont
Vt Lic. #92-000180



HIMALAYAN CATARACT PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

<u>ASSETS</u>	2010	2009
Current Assets:		
Cash and Equivalents - Note 2	\$ 1,174,904	\$ 1,649,428
Investments - Notes 2 and 3	6,263,218	4,829,743
Contributions Receivable - Note 4	451,617	77,541
Federal Grants Receivable	0	24,726
Prepaid Expenses	31,155	18,670
Security Deposits	700	0
Total Current Assets	7,921,594	6,600,108
Noncurrent Assets:		
Property and Equipment Net of Accumulated Depreciation - Note 5	8,916	1,336
Total Noncurrent Assets	8,916	1,336
TOTAL ASSETS	\$ 7,930,510	\$ 6,601,444
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 144,688	\$ 111,085
Total Liabilities	144,688	111,085
Net Assets:		
Unrestricted		
Designated - Notes 6 and 7	2,599,303	1,416,269
Undesignated	5,168,469	4,725,858
Total Unrestricted	7,767,772	6,142,127
Temporarily Restricted - Note 8	18,050	348,232
Total Net Assets	7,785,822	6,490,359
TOTAL LIABILITIES AND NET ASSETS	\$ 7,930,510	\$ 6,601,444

The accompanying notes are an integral part of this financial statement.

HIMALAYAN CATARACT PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010		
	Unrestricted	Temporarily Restricted	Total
Revenue:			
Federal Grants	\$ 1,052,089	\$ 0	\$ 1,052,089
Foundation and Other Grants	414,003	364,553	778,556
Contributions	2,325,744	66,660	2,392,404
Net Investment Income	519,100	0	519,100
Net Assets Released from Restrictions - Note 9	761,395	(761,395)	0
Total Revenue	5,072,331	(330,182)	4,742,149
Expenses:			
Program Services:			
Eye Care and Education	3,155,987	0	3,155,987
Total Program Services	3,155,987	0	3,155,987
Supporting Services:			
Management and General	234,829	0	234,829
Fundraising	55,870	0	55,870
Total Supporting Services	290,699	0	290,699
Total Expenses	3,446,686	0	3,446,686
Change in Net Assets	1,625,645	(330,182)	1,295,463
Net Assets - Beginning of Year	6,142,127	348,232	6,490,359
Net Assets - End of Year	\$ 7,767,772	\$ 18,050	\$ 7,785,822

The accompanying notes are an integral part of this financial statement.

2009		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 598,656	\$ 0	\$ 598,656
161,193	376,631	537,824
2,136,563	47,010	2,183,573
361,698	0	361,698
<u>824,565</u>	<u>(824,565)</u>	<u>0</u>
<u>4,082,675</u>	<u>(400,924)</u>	<u>3,681,751</u>
<u>2,181,528</u>	<u>0</u>	<u>2,181,528</u>
<u>2,181,528</u>	<u>0</u>	<u>2,181,528</u>
171,100	0	171,100
<u>61,718</u>	<u>0</u>	<u>61,718</u>
<u>232,818</u>	<u>0</u>	<u>232,818</u>
<u>2,414,346</u>	<u>0</u>	<u>2,414,346</u>
1,668,329	(400,924)	1,267,405
<u>4,473,798</u>	<u>749,156</u>	<u>5,222,954</u>
<u>\$ 6,142,127</u>	<u>\$ 348,232</u>	<u>\$ 6,490,359</u>

HIMALAYAN CATARACT PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

2010

	Eye Care and Education	Management and General	Fundraising	Total Expenses
Salaries	\$ 136,620	\$ 83,490	\$ 32,890	\$ 253,000
Payroll Related Expenses	27,228	16,639	6,555	50,422
Subcontractors	96,526	20,176	2,894	119,596
Printing and Reproduction	347	12,534	994	13,875
Staff Development	0	1,250	0	1,250
Computer and Software	3,114	7,429	0	10,543
Website Management	0	5,282	30	5,312
Telephone and Internet	4,110	7,557	0	11,667
Memberships	0	905	0	905
Supplies	338	6,199	0	6,537
Shipping and Postage	284	4,432	4,610	9,326
Facility	2,345	3,828	586	6,759
Legal and Accounting Fees	0	34,485	0	34,485
Depreciation	0	1,127	0	1,127
Strategic Development	4,908	4,908	2,454	12,270
Other	4,290	19,410	4,477	28,177
Travel	97,159	5,178	380	102,717
Equipment	3,015	0	0	3,015
Program:				
Himalayas:				
Nepal:				
General Support	785,842	0	0	785,842
Tilganga Expansion Project	992,554	0	0	992,554
Bhutan	83,890	0	0	83,890
China/Tibet	9,545	0	0	9,545
India	53,927	0	0	53,927
Sub-Saharan Africa:				
Ghana:				
General Support	68,766	0	0	68,766
Kath Eye Center Project	112,825	0	0	112,825
Ethiopia	367,294	0	0	367,294
Village Interventions & Training	72,309	0	0	72,309
Other	137,262	0	0	137,262
U.S. Based Educational Fellowships	91,489	0	0	91,489
Total	\$ <u>3,155,987</u>	\$ <u>234,829</u>	\$ <u>55,870</u>	\$ <u>3,446,686</u>

The accompanying notes are an integral part of this financial statement.

2009

Eye Care and Education	Management and General	Fundraising	Total Expenses
\$ 116,802	\$ 71,379	\$ 28,119	\$ 216,300
26,146	15,978	6,294	48,418
81,452	7,268	0	88,720
190	6,261	3,197	9,648
0	0	0	0
434	3,492	485	4,411
0	4,172	0	4,172
2,378	4,763	0	7,141
4,095	1,390	0	5,485
264	1,678	71	2,013
874	3,580	153	4,607
0	0	0	0
0	22,943	0	22,943
0	1,919	0	1,919
0	0	4,693	4,693
1,316	23,384	17,623	42,323
62,550	2,893	1,083	66,526
23,810	0	0	23,810
459,754	0	0	459,754
619,139	0	0	619,139
108,366	0	0	108,366
0	0	0	0
22,261	0	0	22,261
132,403	0	0	132,403
0	0	0	0
324,938	0	0	324,938
118,429	0	0	118,429
26,624	0	0	26,624
49,303	0	0	49,303
<u>\$ 2,181,528</u>	<u>\$ 171,100</u>	<u>\$ 61,718</u>	<u>\$ 2,414,346</u>

HIMALAYAN CATARACT PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,295,463	\$ 1,267,405
Add: Items Providing Cash or Not Requiring Cash:		
Depreciation Expense	1,127	1,919
Decrease in Grant Receivable	24,726	4,275
Increase in Accounts Payable	33,603	0
Deduct: Items Requiring Cash or Not Providing Cash:		
Net Realized and Unrealized Gains on Investments	(393,073)	(249,293)
Increase in Contribution Receivable	(374,076)	(52,170)
Increase in Prepaid Expenses	(12,485)	(5,236)
Increase in Security Deposits	(700)	0
Decrease in Accounts Payable	0	(211,500)
Net Cash Provided by Operating Activities	574,585	755,400
Cash Flow from Investing Activities:		
Purchase of Property, Plant and Equipment	(8,706)	0
Net Purchase of Investments	(2,456,922)	(2,213,026)
Proceeds from Sale or Maturity of Investments	1,416,519	1,697,415
Net Cash Provided/(Used) by Investing Activities	(1,049,109)	(515,611)
Net Increase in Cash and Cash Equivalents	(474,524)	239,789
Cash and Cash Equivalents - Beginning of the Year	1,649,428	1,409,639
Cash and Cash Equivalents - End of the Year	\$ 1,174,904	\$ 1,649,428

Non-Cash Activity:

The Organization disposed of a fully depreciated computer in the amount of \$2,068 during 2010.

The accompanying notes are an integral part of this financial statement.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

The Himalayan Cataract Project, Inc. (the Organization) is a nonprofit corporation organized under the laws of the State of Vermont for the purpose of eradicating preventable and treatable blindness through high-quality ophthalmic care, education and the establishment of a world-class eye care infrastructure.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements utilizing the accrual basis of accounting. In accordance with generally accepted accounting principles revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets based upon the existence or absence of donor-imposed restrictions. The three (3) classes are defined as follows:

Unrestricted Net Assets

These assets result from contributions and other inflows which have no restrictions and over which the Board of Directors retains full control to use in achieving any of its organizational purposes.

Temporarily Restricted Net Assets

These assets result from contributions and other inflows of assets whose use by the Organization is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization. Restrictions released within one operating period are reported as unrestricted.

Permanently Restricted Net Assets

These assets result from contributions restricted by donor imposed stipulations in perpetuity. The Organization has no permanently restricted net assets.

Revenue Recognition

Current revenues from grant programs are recorded when authorized expenditures are made.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 1:
(Cont'd)

Contributions, including unconditional promises to give, are recognized as revenue in the period the promise is received. Promises to give that are shown as increases in temporarily restricted net assets are reclassified to unrestricted net assets when the purpose or time restrictions are met. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions can be unrestricted, temporarily restricted, or permanently restricted.

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three (3) months of the date acquired by the Organization.

Investments

Investments consist of certificates of deposit having maturities greater than three (3) months, mutual funds, equities and bonds and other investments.

Marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in revenue. Investments received by gift are recorded at market value at the date of acquisition. Returns on investment are considered as increases or decreases to unrestricted net assets unless specifically restricted by the donor.

Allowance for Doubtful Accounts

The Organization has adopted the allowance method for uncollectibles. For the year ended December 31, 2010 and 2009, the allowance was zero.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost when purchased and at market value when donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

	<u>Lives</u>
Computers	3 to 5 Years
Software	5 Years

Donated Services – Himalayan Cataract Project, Inc. receives donated services which are recognized under generally accepted accounting principles if the services create or enhance nonfinancial assets or would typically need to be purchased by Himalayan Cataract Project, Inc. if they had not been donated, require specialized skills, and are provided by individuals with those skills.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 1:
(Cont'd)

Donated Materials – Himalayan Cataract Project, Inc. receives materials which are recognized in the financial statements as contributions at their estimated fair value at the date of donation.

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, the Organization is exempt from income tax on its exempt function income. The Organization is not a private foundation.

The Organization adopted provisions of Financial Accounting Standards Board Interpretation No. 48, “*Accounting for Uncertainty in Income Taxes*.” The Organization evaluates its uncertain tax positions using the provisions of FASB ASC 450, *Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. The Organization has evaluated its tax positions and determined that its positions are more-likely-than-not to be sustained on examination. No provision for income tax is required for 2010.

The Organization’s tax returns are subject to review and examination by federal, state and local authorities. Tax returns for fiscal year ended December 31, 2007, 2008 and 2009 are open for examination by federal and state authorities.

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations

Himalayan Cataract Project, Inc. derives its revenue primarily from contributions and federal grants.

Reclassifications

Certain amounts from the prior year have been reclassified in order to conform to the current year’s classifications.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 2: CASH AND CERTIFICATES OF DEPOSIT

At December 31, 2010 and 2009, the Organization's cash accounts and certificates of deposit consisted of the following:

	<u>2010</u>	<u>2009</u>
Cash and Equivalents	\$1,174,904	\$1,649,428
Investments – Certificates of Deposit	<u>3,872,356</u>	<u>3,058,792</u>
	<u>\$5,047,260</u>	<u>\$4,708,220</u>

The certificates of deposit are at various banks with interest rates ranging from 1% to 4.7% and maturity dates ranging from April 11, 2011 to January 27, 2020.

The following table shows the custodial credit risk of the Organization's cash and certificates of deposit.

	<u>2010</u>		<u>2009</u>	
	<u>Book Balance</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Insured (FDIC)/(SIPC)	\$4,843,714	\$4,833,797	\$4,708,220	\$4,676,104
Uninsured, Not Collateralized By Bank	<u>203,546</u>	<u>203,546</u>	<u>0</u>	<u>0</u>
Total	<u>\$5,047,260</u>	<u>\$5,037,343</u>	<u>\$4,708,220</u>	<u>\$4,676,104</u>

The difference between the book and the bank balance is due to deposits in transit and outstanding checks.

Note 3: INVESTMENTS

The following investments were held by the Organization as of December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Unrestricted Investments	\$3,663,915	\$3,413,474
Designated Investments – Endowment - Notes 6 & 7	<u>2,599,303</u>	<u>1,416,269</u>
Total	<u>\$6,263,218</u>	<u>\$4,829,743</u>

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 3:
(Cont'd)

	<u>2010</u>	<u>2009</u>
Certificates of Deposit	\$3,839,004	\$3,030,632
Government Bonds	533,221	158,314
Equities	1,699,856	1,395,790
Mutual Funds	986	50,375
Alternative Investment (SPDR Gold Trust)	154,313	160,965
Accrued Interest on Certificates of Deposit	33,352	28,160
Accrued Interest on Government Bonds	<u>2,486</u>	<u>5,507</u>
Total	<u>\$6,263,218</u>	<u>\$4,829,743</u>

The fair value of the investments above was obtained from the brokerage holding the securities and is deemed to be valued at "Level 1" – quoted prices in an active market.

Net investment income in the Statement of Activities includes \$228,080 and \$285,033 of unrealized gains on the above investments at December 31, 2010 and 2009, respectively. Investment fees and bank charges were \$18,224 and \$15,989 during 2010 and 2009, respectively.

Note 4: CONTRIBUTIONS RECEIVABLE

Contributions receivable are comprised of the following:

	<u>2010</u>	<u>2009</u>
Receivable in Less than One Year	<u>\$451,617</u>	<u>\$ 77,541</u>
Total	<u>\$451,617</u>	<u>\$ 77,541</u>

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 5: PROPERTY AND EQUIPMENT

The following is a summary of changes in property and equipment:

2010						
	<u>Balance</u> <u>01/01/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/10</u>	<u>Accumulated</u> <u>Depreciation</u> <u>12/31/10</u>	<u>Net</u> <u>Property,</u> <u>Plant and</u> <u>Equipment</u> <u>12/31/10</u>
Computers	\$ 7,861	\$ 0	\$ 2,068	\$ 5,793	\$ 5,293	\$ 500
Software	<u>0</u>	<u>8,706</u>	<u>0</u>	<u>8,706</u>	<u>290</u>	<u>8,416</u>
Total	<u>\$ 7,861</u>	<u>\$ 8,706</u>	<u>\$ 2,068</u>	<u>\$ 14,499</u>	<u>\$ 5,583</u>	<u>\$ 8,916</u>

2009						
	<u>Balance</u> <u>01/01/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/09</u>	<u>Accumulated</u> <u>Depreciation</u> <u>12/31/09</u>	<u>Net</u> <u>Property,</u> <u>Plant and</u> <u>Equipment</u> <u>12/31/09</u>
Computers	\$ 7,861	\$ 0	\$ 0	\$ 7,861	\$ 6,525	\$ 1,336
Total	<u>\$ 7,861</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,861</u>	<u>\$ 6,525</u>	<u>\$ 1,336</u>

The Organization disposed of a computer that was fully depreciated during 2010 that was no longer in use.

Note 6: DESIGNATED NET ASSETS

The Organization received a gift in the amount of \$1,795,021 in 2007 which was designated by the Board of Directors as an endowment in October, 2008. Other gifts have been designated by the Board of Directors in 2009 and 2010. The value was \$2,599,303 and \$1,416,269 at December 31, 2010 and 2009, respectively.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 7: ENDOWMENT FUND

The Organization's Endowment Fund consists of the following:

	<u>2010</u>	<u>2009</u>
Board Designated Net Assets	\$ <u>2,599,303</u>	\$ <u>1,416,269</u>
Total Endowment Fund	\$ <u>2,599,303</u>	\$ <u>1,416,269</u>

The Net Assets were held as follows:

	<u>2010</u>	<u>2009</u>
Cash/Money Accounts	\$ 156,675	\$ 3,972
Certificates of Deposit	618,213	0
Government Bonds	203,071	0
Equities	1,462,424	1,201,452
Mutual Funds	0	49,880
Alternative Investment (SPDR Gold Shares)	154,313	160,965
Accrued Interest	<u>4,607</u>	<u>0</u>
Total	\$ <u>2,599,303</u>	\$ <u>1,416,269</u>

The Organization's Endowment Funds are held in money market accounts and special purpose accounts that are invested in cash/money accounts, certificates of deposits, government bonds, mutual funds, equities, stocks and other investments at Merrill Lynch in 2010 and 2009.

The Organization's endowment consists of one fund established as the Organization's endowment that will ultimately support administrative expenses. The endowment is Board designated. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Director's to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Organization has not adopted investment and spending policies for endowment assets. The Organization has not spent any of the assets as of December 31, 2010 and 2009, respectively. An investment and spending policy for endowment assets should be adopted in 2011.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 7:
(Cont'd)

The Endowment Net Asset Composition by Type of Fund is as follows:

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Board Designated Endowment Funds	\$ <u>2,599,303</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,599,303</u>
Total Funds	\$ <u><u>2,599,303</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>2,599,303</u></u>
	2009			
	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Board Designated Endowment Funds	\$ <u>1,416,269</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,416,269</u>
Total Funds	\$ <u><u>1,416,269</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>1,416,269</u></u>

The change in Endowment Net Assets for the fiscal year ended December 31st are as follows:

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets Beginning of Year	\$ <u>1,416,269</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,416,269</u>
Contributions - Designated by Board of Directors	<u>374,170</u>	<u>0</u>	<u>0</u>	<u>374,170</u>
Net Assets - Designated by Board of Directors	<u>507,343</u>	<u>0</u>	<u>0</u>	<u>507,343</u>
Investment Return:				
Investment Income	20,062	0	0	20,062
Net Appreciation (Realized and Unrealized)	316,733	0	0	316,733
Investment Expense - 2009 and prior years	(22,703)	0	0	(22,703)
Investment Expense - 2010	<u>(12,571)</u>	<u>0</u>	<u>0</u>	<u>(12,571)</u>
Total Investment Return	<u>301,521</u>	<u>0</u>	<u>0</u>	<u>301,521</u>
Endowment Net Assets End of Year	\$ <u><u>2,599,303</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>2,599,303</u></u>

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 7:
(Cont'd)

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Net Assets				
Beginning of Year	\$ <u>1,216,835</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,216,835</u>
Investment Return:				
Investment Income	9,683	0	0	9,683
Net Appreciation (Realized and Unrealized)	196,754	0	0	196,754
Investment Expense	<u>(7,003)</u>	<u>0</u>	<u>0</u>	<u>(7,003)</u>
Total Investment Return	<u>199,434</u>	<u>0</u>	<u>0</u>	<u>199,434</u>
Endowment Net Assets				
End of Year	\$ <u><u>1,416,269</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>1,416,269</u></u>

The Organization received gifts in December, 2009 in the amount of \$499,450 that have been designated by the Board of Directors to the Endowment Fund in March, 2010. There was a market change of \$7,893 when the assets were transferred in March for a total of \$507,343. The Organization received gifts in January, 2010 in the amount of \$374,170 that have been designated by the Board of Directors to the Endowment Fund in March, 2010.

The Organization received notice of a gift in September, 2010 in the amount of \$107,304 which was received in January, 2011 and is included in accounts receivable at December 31, 2010. This gift has been designated by the Board of Directors to the Endowment Fund in March, 2011.

Note 8: TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets are restricted by the donors for the following purposes:

	2010	2009
Fellowships	\$ 0	\$ 31,275
Surgical Team Training	0	269,969
Eye Health in Remote Villages and Training		
Center Development	0	5,000
Vivekananda Support	1,050	500
Africa	0	25,000
PAHS – Patan Hospital in Nepal	2,000	2,000
Nepal	0	14,488
Ruit Master Training Fund	<u>15,000</u>	<u>0</u>
Total	<u>\$18,050</u>	<u>\$348,232</u>

HIMALAYAN CATARACT PROJECT, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009

Note 9: NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes specified by donors/grantors.

	<u>2010</u>	<u>2009</u>
Donor Imposed Restricted have been Fulfilled	\$ <u>761,395</u>	\$ <u>824,565</u>
Total Net Assets Released From Restrictions	\$ <u>761,395</u>	\$ <u>824,565</u>

Note 10: LEASES

The Organization leases an apartment in Salt Lake City, Utah for the foreign doctors who train at the Moran Eye Center. The lease is on a month to month basis. Rental expense was \$15,121 and \$13,624 for 2010 and 2009, respectively.

The Organization leases office space in Norwich, Vermont. The lease is from June 1, 2010 to December 31, 2011. Rental expense was \$4,773 for 2010.

The Organization also leases space in Waterbury, Vermont. The lease is on a month to month basis. Rental expense was \$1,125 for 2010.

Note 11: DONATED GOODS AND SERVICES

The Organization receives a significant amount of donated time from ophthalmologists who donate high quality ophthalmic care. The Organization calculates donated physician time based on mean salary rates for ophthalmologists and ophthalmology residents. The rate for ophthalmologists is \$6,363 per week and \$767 per week for ophthalmology residents. Donated services are recognized as contributions in the Statement of Activities in the amount of \$204,849 and \$153,360 in 2010 and 2009, respectively.

Donated materials are also reflected as contributions in the Statement of Activities. The amount of donated materials are \$299,145 and \$176,302 in 2010 and 2009, respectively.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Note 12: CONTINGENT LIABILITY

The Organization participates in federally assisted grant programs. These programs are subject to various program compliance requirements and audit by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agency is unknown, although, the Organization expects such amounts, if any, to be immaterial.

Note 13: SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through May 9, 2011, which is the date the financial statements were available to be issued.