

**FINANCIAL STATEMENTS**

**HIMALAYAN CATARACT PROJECT, INC.**

**FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2017**

**HIMALAYAN CATARACT PROJECT, INC.**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Himalayan Cataract Project, Inc.  
Waterbury, Vermont

We have audited the accompanying financial statements of the Himalayan Cataract Project, Inc. (HCP), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility 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.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HCP as of December 31, 2018, and the change 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.

4550 MONTGOMERY AVENUE • SUITE 650 NORTH • BETHESDA, MARYLAND 20814  
(301) 951-9090 • FAX (301) 951-3570 • WWW.GRCPA.COM

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### **Report on Summarized Comparative Information**

We have previously audited HCP's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 22, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Gelman Rosenberg & Friedman*

May 5, 2019

## HIMALAYAN CATARACT PROJECT, INC.

**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2018**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

## ASSETS

	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,262,175	\$ 3,132,548
Investments	6,399,975	6,407,124
Grants and contributions receivable	1,665,523	569,875
Interest receivable	15,384	14,438
Inventory	1,045,334	599,513
Deposits on equipment and consumables	419,532	674,147
Prepaid expenses	<u>50,230</u>	<u>32,452</u>
Total current assets	<u>11,858,153</u>	<u>11,430,097</u>
<b>FIXED ASSETS</b>		
Property and equipment	36,682	38,130
Less: Accumulated depreciation	<u>(33,815)</u>	<u>(38,130)</u>
Net fixed assets	<u>2,867</u>	<u>-</u>
<b>OTHER ASSETS</b>		
Security deposits	1,250	2,250
Grants receivable, net of current portion	<u>182,618</u>	<u>-</u>
Total other assets	<u>183,868</u>	<u>2,250</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 12,044,888</u></b>	<b><u>\$ 11,432,347</u></b>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 637,743	\$ 487,873
Deferred revenue	<u>-</u>	<u>201,573</u>
Total current liabilities	<u>637,743</u>	<u>689,446</u>
<b>NET ASSETS</b>		
Without donor restrictions	9,507,904	9,830,948
With donor restrictions	<u>1,899,241</u>	<u>911,953</u>
Total net assets	<u>11,407,145</u>	<u>10,742,901</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 12,044,888</u></b>	<b><u>\$ 11,432,347</u></b>

## HIMALAYAN CATARACT PROJECT, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 3,551,146	\$ 435,748	\$ 3,986,894	\$ 4,161,484
Foundation grants	376,500	3,435,618	3,812,118	2,313,100
Contributed services and materials	2,391,152	-	2,391,152	2,309,551
Government grants	675,829	-	675,829	672,229
Investment (loss) income	(52,777)	-	(52,777)	698,766
Technology and procurement program revenue	86,427	-	86,427	226,927
Other revenue	-	-	-	995
Net assets released from donor restrictions	<u>2,884,078</u>	<u>(2,884,078)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>9,912,355</u>	<u>987,288</u>	<u>10,899,643</u>	<u>10,383,052</u>
<b>EXPENSES</b>				
Program Services:				
Eye Care and Education	<u>8,945,998</u>	<u>-</u>	<u>8,945,998</u>	<u>7,520,290</u>
Supporting Services:				
Management and General	757,384	-	757,384	585,905
Fundraising	<u>532,017</u>	<u>-</u>	<u>532,017</u>	<u>358,703</u>
Total supporting services	<u>1,289,401</u>	<u>-</u>	<u>1,289,401</u>	<u>944,608</u>
Total expenses	<u>10,235,399</u>	<u>-</u>	<u>10,235,399</u>	<u>8,464,898</u>
Change in net assets	(323,044)	987,288	664,244	1,918,154
Net assets at beginning of year	<u>9,830,948</u>	<u>911,953</u>	<u>10,742,901</u>	<u>8,824,747</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 9,507,904</u></b>	<b><u>\$ 1,899,241</u></b>	<b><u>\$ 11,407,145</u></b>	<b><u>\$ 10,742,901</u></b>

## HIMALAYAN CATARACT PROJECT, INC.

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

Program Services	2018				2017	
	Eye Care and Education	Supporting Services		Total Supporting Services	Total Expenses	Total Expenses
		Management and General	Fundraising			
Payroll and related expenses	\$ 902,447	\$ 380,514	\$ 392,539	\$ 773,053	\$ 1,675,500	\$ 1,326,519
Subcontractors	37,892	2,775	-	2,775	40,667	43,329
Printing and reproduction	2,256	1,285	31,025	32,310	34,566	27,593
Computer and software	24,018	10,230	10,230	20,460	44,478	57,314
Communications, digital marketing, website	-	55,271	514	55,785	55,785	96,163
Telephone and internet	15,171	6,462	6,462	12,924	28,095	27,693
Memberships	5,710	9,315	744	10,059	15,769	18,012
Supplies	6,353	2,706	2,706	5,412	11,765	13,737
Shipping and postage	11,746	5,799	5,567	11,366	23,112	34,379
Facility	36,390	15,499	15,499	30,998	67,388	54,332
Legal and accounting fees	1,898	160,912	-	160,912	162,810	53,228
Depreciation	-	379	-	379	379	2,473
Consulting - Strategic development	-	11,611	-	11,611	11,611	-
Bank charges	10,560	1,256	-	1,256	11,816	9,161
Other	1,055	12,236	48,811	61,047	62,102	58,566
Travel	114,773	81,134	17,920	99,054	213,827	132,451
Subrecipients:						
Nepal	2,132,324	-	-	-	2,132,324	1,245,996
Myanmar	-	-	-	-	-	203,487
Bhutan	796,943	-	-	-	796,943	467,800
Ghana	1,627,221	-	-	-	1,627,221	814,086
Ethiopia	2,927,009	-	-	-	2,927,009	3,418,248
Other (Kenya, Rwanda, Nigeria, Tanzania, Indonesia, India)	188,186	-	-	-	188,186	137,763
Procurement program	104,046	-	-	-	104,046	222,568
<b>TOTAL</b>	<b>\$ 8,945,998</b>	<b>\$ 757,384</b>	<b>\$ 532,017</b>	<b>\$ 1,289,401</b>	<b>\$ 10,235,399</b>	<b>\$ 8,464,898</b>

See accompanying notes to financial statements.

## HIMALAYAN CATARACT PROJECT, INC.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 664,244	\$ 1,918,154
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation expense	379	2,473
Unrealized loss (gain)	1,366,763	(458,965)
Realized gain	(1,245,304)	(181,342)
Discount on long-term receivables	17,382	-
(Increase) decrease in:		
Grants and contributions receivable	(1,295,648)	478,957
Interest receivable	(946)	(8,265)
Inventory	(445,821)	(145,929)
Deposits on equipment and consumables	254,615	(417,206)
Prepaid expenses	(17,778)	(18,977)
Security deposits	1,000	(300)
Increase (decrease) in:		
Accounts payable and accrued liabilities	149,870	41,843
Deferred revenue	<u>(201,573)</u>	<u>(121,382)</u>
Net cash (used) provided by operating activities	<u>(752,817)</u>	<u>1,089,061</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(3,246)	-
Purchase of investments	(5,383,490)	(2,687,463)
Proceeds from sale of investments	<u>5,269,180</u>	<u>786,446</u>
Net cash used by investing activities	<u>(117,556)</u>	<u>(1,901,017)</u>
Net decrease in cash and cash equivalents	(870,373)	(811,956)
Cash and cash equivalents at beginning of year	<u>3,132,548</u>	<u>3,944,504</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 2,262,175</u></b>	<b><u>\$ 3,132,548</u></b>
<b>SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS</b>		
Donated Securities	<b><u>\$ 110,903</u></b>	<b><u>\$ 137,278</u></b>



## HIMALAYAN CATARACT PROJECT, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

The Himalayan Cataract Project, Inc. (HCP) is a non-profit organization 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.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted for the year ended December 31, 2018 and applied retrospectively.

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with HCP's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

##### Cash and cash equivalents -

HCP considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000.

At times during the year, HCP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

##### Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income net of investment expenses provided by external investment advisors and allocated internal management costs in the Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. HCP's policy is to liquidate all gifts of investments as soon as possible after the gift.

##### Grants and contributions receivable -

Grants and contributions receivable are recorded at their net realizable value, which approximates fair value. Grants receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All grants and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

# HIMALAYAN CATARACT PROJECT, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

#### Fixed assets -

Fixed assets in excess of \$2,500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the year ended December 31, 2018 totaled \$379.

#### Income taxes -

HCP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. HCP is not a private foundation.

#### Uncertain tax positions -

For the year ended December 31, 2018, HCP has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

#### Inventory -

Inventory is measured at the lower of cost or net realizable value using the first-in, first-out method of inventory.

#### Deferred revenue -

Deferred revenue consists of grant funding received from the Federal government in advance of incurring the related expenses.

#### Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets 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 are recorded as net assets without donor restrictions. Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

## HIMALAYAN CATARACT PROJECT, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as net assets with donor restriction in the accompanying financial statements.

HCP receives funding under grants and contracts from the U.S. and foreign governments, international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as income without donor restrictions to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

##### Contributed services and materials -

Contributed services and materials consist of surgical supplies and ophthalmologists performing high quality ophthalmic care on a pro-bono basis. Contributed services and materials are recorded at their fair value as of the date of the gift. Donated physician time is based on mean salary rates for ophthalmologists and ophthalmology residents. In addition, volunteers have donated significant amounts of their time to HCP; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

##### Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. For payroll and related expenses, allocation is per employee, based on job descriptions and annual review of employee activities performed by management, and in some cases, review of timesheets. Other natural expenses, unless directly allocated, are allocated to functional categories based on the same rationale as personnel or other reasonable basis.

##### Risks and uncertainties -

HCP invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could affect the amounts reported in the accompanying financial statements.

# HIMALAYAN CATARACT PROJECT, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

#### Fair value measurement -

HCP adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. HCP accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

#### Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of Accounting Standards Update 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of December 31, 2017 as unrestricted net assets in the amount of \$9,830,948 are now classified as without donor restrictions. Net assets previously classified as temporarily restricted net assets in the amount of \$911,953 are now classified as net assets with donor restrictions.

#### New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. HCP has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. HCP has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements.

HIMALAYAN CATARACT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

New accounting pronouncements (not yet adopted) (continued) -

The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

HCP plans to adopt the new ASUs at the respective required implementation dates.

2. INVESTMENTS

The table below summarizes, the investments measured at fair value on a recurring basis, aggregated by the fair value hierarchy level in which the measurements were made. HCP's investments consisted of the following as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total December 31, 2018</u>
<b>Asset Class:</b>				
Mutual funds	\$ 1,384,476	\$ -	\$ -	\$ 1,384,476
Stocks	1,660,229	-	-	1,660,229
U.S. Government securities	205,079	-	-	205,079
Corporate bonds	-	464,701	-	464,701
Certificates of deposit	<u>-</u>	<u>2,685,490</u>	<u>-</u>	<u>2,685,490</u>
<b>TOTAL</b>	<b><u>\$ 3,249,784</u></b>	<b><u>\$ 3,150,191</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,399,975</u></b>

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of December 31, 2018.

- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by HCP are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by HCP are deemed to be actively traded.
- *Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *U.S. Government securities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Corporate bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2018. Transfers between levels are recorded at the end of the reporting period, if applicable.

**HIMALAYAN CATARACT PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**2. INVESTMENTS (Continued)**

Included in investment loss are the following at December 31, 2018:

Interest and dividends	\$ 110,408
Unrealized loss	(1,366,763)
Realized gain	1,245,304
Management fees	<u>(41,726)</u>
<b>TOTAL INVESTMENT LOSS</b>	<b>\$ <u>(52,777)</u></b>

**3. GRANTS RECEIVABLE**

As of December 31, 2018, donors to HCP have made written promises to give totaling \$1,865,523. Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 2.75% (U.S. Treasury Yield Curve Rate).

Grants are due as follows at December 31, 2018:

Less than one year	\$ 1,665,523
One to five years	<u>200,000</u>
Total	1,865,523
Less: Allowance to discount balance to present value	<u>(17,382)</u>
<b>GRANTS RECEIVABLE</b>	<b>\$ <u>1,848,141</u></b>

**4. BOARD DESIGNATED NET ASSETS**

As of December 31, 2018, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

Fund	Purpose	2018
Endowment	To support administrative expenses and unusual expenses.	\$ 3,537,110
Education and Training Fund	To support training and education activities with existing and future academic partners, for the purpose of improved academic and surgical training programs in furtherance of HCP mission	40,677
Contingency Fund	To ensure the uninterrupted continuation of programmatic and administrative operations of HCP in the event of an unanticipated disruption of the planned and anticipated funding sources	<u>1,557,368</u>
<b>BOARD DESIGNATED NET ASSETS</b>		<b>\$ <u>5,135,155</u></b>

**HIMALAYAN CATARACT PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**5. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2018:

Training and mentoring	\$ 45,435
Nepal Relief	200
Outreach	7,994
Ghana	179,295
India	12,000
Ethiopia	1,046,466
Nepal	52,200
Indonesia	9,100
Bhutan	64,257
Pediatric programs	104,000
Thailand	25,000
Data standards/M&E	188,888
Subject to the passage of time	<u>164,406</u>
<b>TOTAL NET ASSETS WITH RESTRICTIONS</b>	<b><u>\$ 1,899,241</u></b>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Training and mentoring	\$ 130,000
Outreach	5,620
Ghana	167,453
India	5,101
Ethiopia	1,448,106
Nepal	245,775
Indonesia	54,000
Bhutan	691,218
Pediatric programs	7,480
Data standards/M&E	61,112
Passage of time	<u>68,213</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 2,884,078</u></b>

**6. LIQUIDITY**

Financial assets available for use within one year of the Statement of Financial Position, comprise the following at December 31, 2018:

Cash and cash equivalents	\$ 2,262,175
Investments	6,399,975
Grants and contributions receivable	1,863,525
Less: Inventory receivable	(484,389)
Less: Receivables in excess of one year, net of discount	(182,618)
Less: Donor restricted funds	(1,899,241)
Less: Board designated funds	<u>(3,577,787)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 4,381,640</u></b>

**HIMALAYAN CATARACT PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**6. LIQUIDITY (Continued)**

All cash equivalents and securities are liquid and available for operations within one to two day's notice. Receivables from donors and grantors are expected to be received within one year, except for commitments with payment schedules that extend beyond one year. Receivables representing the commitment of equipment and supplies are not considered liquid assets. Funds received from donors which have restrictions as to their use, as well as federal grants which are contingent upon meeting certain time or performance conditions, are not considered liquid assets. In addition, the Board of Directors has designated some funds for specific uses. The Board designated contingency fund is a fund established by the governing board that may be drawn upon to ensure the uninterrupted continuation of programmatic and administrative operations of HCP in the event of an unanticipated disruption of the planned and anticipated funding sources.

**7. CONTRIBUTED SERVICES AND MATERIALS**

During the year ended December 31, 2018, HCP was the beneficiary of many donated goods and a significant amount of services which allowed HCP to provide greater resources toward various programs.

As of December 31, 2018, donated services recognized in the Statement of Activities and Change in Net Assets totaled \$298,626.

As of December 31, 2018, donated materials recognized in the Statement of Activities and Change in Net Assets totaled \$2,092,526, none of which were in-kind cost sharing from project partners.

**8. LEASE COMMITMENTS**

HCP leases office space in three different areas, including Norwich and Waterbury, Vermont, as well as Silver Spring, Maryland.

The lease in Norwich, Vermont was initiated in September 2017 and continues through August, 31, 2020. Base rent is \$1,200 per month, with a rent escalation determined by the Consumer Price Index.

The office space being leased in Waterbury, Vermont began in August 2015 and is currently on a month to month basis. Base rent is \$725 per month, with no escalation clause.

There are two leases in Silver Spring, Maryland, including an office lease and a warehouse where inventory is stored. The office lease was initiated in February 2014, and, during 2018, was extended until August 2019. Base rent is \$1,327 per month.

The warehouse/storage lease began in May 2012 and is currently on a month-to-month basis. Base rent varies due to the amount of inventory being housed.

The following is a schedule of the future minimum lease payments:

**Year Ending December 31,**

2019	\$	29,331
2020		<u>9,600</u>
	\$	<u><u>38,931</u></u>



**HIMALAYAN CATARACT PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**8. LEASE COMMITMENTS (Continued)**

Rent expense for the year ended December 31, 2018 was \$62,463.

**9. RETIREMENT PLAN**

HCP provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with six months of eligible experience and that are at least 21 years old. HCP provides a 3% contribution based on the employee's compensation. Contributions to the Plan during the year ended December 31, 2018 totaled \$55,430.

**10. VENDOR DEPOSITS**

HCP has made deposits with vendors for the purchase of equipment and consumables for the procurement program. Once final payment is made by HCP and the goods are shipped, the expenses are allocated to specific programs. As of year end, December 31, 2018, vendor deposits totaled \$419,532.

**11. SUBSEQUENT EVENTS**

In preparing these financial statements, HCP has evaluated events and transactions for potential recognition or disclosure through May 5, 2019, the date the financial statements were issued.