

FINANCIAL STATEMENTS

HIMALAYAN CATARACT PROJECT, INC.

**FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2019**

HIMALAYAN CATARACT PROJECT, INC.

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CPAs & ADVISORS

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, 2020, 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited HCP's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

May 20, 2021

HIMALAYAN CATARACT PROJECT, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,857,217	\$ 2,236,576
Investments	5,791,822	5,977,163
Grants and contributions receivable	1,970,798	1,934,947
Interest receivable	5,852	12,037
Inventory	801,867	597,610
Deposits on equipment and consumables	228,481	789,133
Prepaid expenses	<u>33,506</u>	<u>50,967</u>
Total current assets	<u>14,689,543</u>	<u>11,598,433</u>
FIXED ASSETS		
Property and equipment	109,764	11,951
Less: Accumulated depreciation	<u>(12,083)</u>	<u>(9,734)</u>
Net fixed assets	<u>97,681</u>	<u>2,217</u>
OTHER ASSETS		
Security deposits	3,250	1,250
Grants and contributions receivable, net of current portion and present value discount	<u>142,113</u>	<u>212,683</u>
Total other assets	<u>145,363</u>	<u>213,933</u>
TOTAL ASSETS	<u>\$ 14,932,587</u>	<u>\$ 11,814,583</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Loan payable under Paycheck Protection Program	\$ 337,092	\$ -
Accounts payable and accrued liabilities	422,894	828,012
Accrued salaries and related benefits	39,096	2,218
Deferred revenue	<u>1,425</u>	<u>457,204</u>
Total liabilities	<u>800,507</u>	<u>1,287,434</u>

NET ASSETS

Without donor restrictions	10,721,720	8,307,766
With donor restrictions	<u>3,410,360</u>	<u>2,219,383</u>
Total net assets	<u>14,132,080</u>	<u>10,527,149</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,932,587</u>	<u>\$ 11,814,583</u>

HIMALAYAN CATARACT PROJECT, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Contributions	\$ 5,155,226	\$ 1,039,170	\$ 6,194,396	\$ 5,491,804
Foundation grants	522,749	2,350,780	2,873,529	2,225,631
Contributed services and materials	388,299	-	388,299	1,528,929
Government grants	550,766	-	550,766	252,190
Investment income, net	431,665	-	431,665	907,280
Technology and procurement program revenue	8,104	-	8,104	848,636
Other revenue	10,330	-	10,330	-
Net assets released from donor restrictions	<u>2,198,973</u>	<u>(2,198,973)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>9,266,112</u>	<u>1,190,977</u>	<u>10,457,089</u>	<u>11,254,470</u>
EXPENSES				
Program Services:				
Eye Care and Education	<u>4,790,381</u>	<u>-</u>	<u>4,790,381</u>	<u>10,553,094</u>
Supporting Services:				
Management and General	1,488,015	-	1,488,015	1,092,623
Fundraising	<u>573,762</u>	<u>-</u>	<u>573,762</u>	<u>488,749</u>
Total supporting services	<u>2,061,777</u>	<u>-</u>	<u>2,061,777</u>	<u>1,581,372</u>
Total expenses	<u>6,852,158</u>	<u>-</u>	<u>6,852,158</u>	<u>12,134,466</u>
Change in net assets	2,413,954	1,190,977	3,604,931	(879,996)
Net assets at beginning of year	<u>8,307,766</u>	<u>2,219,383</u>	<u>10,527,149</u>	<u>11,407,145</u>
NET ASSETS AT END OF YEAR	<u>\$ 10,721,720</u>	<u>\$ 3,410,360</u>	<u>\$ 14,132,080</u>	<u>\$ 10,527,149</u>

HIMALAYAN CATARACT PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	2020				2019	
	Program Services	Supporting Services			Total Expenses	Total Expenses
	Eye Care and Education	Management and General	Fundraising	Total Supporting Services		
Payroll and related expenses	\$ 937,337	\$ 841,415	\$ 472,763	\$ 1,314,178	\$ 2,251,515	\$ 2,009,905
Subrecipients:						
Ethiopia	1,510,764	59,388	-	59,388	1,570,152	3,249,595
Nepal	814,796	-	-	-	814,796	1,663,498
Ghana	710,080	-	-	-	710,080	2,271,853
India	258,151	-	-	-	258,151	-
Bhutan	238,237	-	-	-	238,237	329,475
South Sudan	98,818	-	-	-	98,818	227,435
Eritrea	-	-	-	-	-	485,310
Other (Camaroon, Kenya, Rwanda, Nigeria, Sierra Leone, Tanzania, Indonesia and India)	94,330	-	-	-	94,330	103,871
Bad debts	-	294,246	-	294,246	294,246	-
Facilities	52,361	50,327	6,523	56,850	109,211	122,616
Other	2,623	29,622	41,426	71,048	73,671	172,297
Computer and software	654	47,905	20,153	68,058	68,712	102,521
Legal and accounting fees	-	50,134	-	50,134	50,134	116,623
Communications, digital marketing and website	-	46,200	-	46,200	46,200	62,881
Telephone and internet	9,706	9,219	4,972	14,191	23,897	30,386
Travel	13,070	10,087	500	10,587	23,657	234,522
Printing and reproduction	52	977	22,384	23,361	23,413	36,923
Subcontractors	17,577	3,607	-	3,607	21,184	84,511
Memberships	2,080	16,134	740	16,874	18,954	15,986
Procurement program	14,896	-	-	-	14,896	743,986
Bank charges	11,500	2,400	65	2,465	13,965	10,493
Consulting - Strategic development	-	12,200	-	12,200	12,200	20,868
Supplies	1,817	7,923	428	8,351	10,168	15,228
Shipping and postage	1,532	3,882	3,808	7,690	9,222	23,033
Depreciation and amortization	-	2,349	-	2,349	2,349	650
TOTAL	\$ 4,790,381	\$ 1,488,015	\$ 573,762	\$ 2,061,777	\$ 6,852,158	\$ 12,134,466

See accompanying notes to financial statements.

HIMALAYAN CATARACT PROJECT, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,604,931	\$ (879,996)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization expense	2,349	650
Unrealized gain	(219,266)	(743,653)
Realized gain	(111,102)	(14,295)
Discount on long-term receivables	(4,430)	(5,065)
Receipt of contributed securities	(244,800)	(129,201)
Proceeds from the sale of contributed securities	244,925	129,201
Decrease (increase) in:		
Grants and contributions receivable	39,149	(294,424)
Interest receivable	6,185	3,347
Inventory	(204,257)	447,724
Deposits on equipment and consumables	560,652	(369,601)
Prepaid expenses	17,461	(737)
Security deposits	(2,000)	-
(Decrease) increase in:		
Accounts payable and accrued liabilities	(405,118)	190,269
Deferred revenue	(455,779)	457,204
Accrued salaries and related benefits	<u>36,878</u>	<u>2,218</u>
Net cash provided (used) by operating activities	<u>2,865,778</u>	<u>(1,206,359)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(97,813)	-
Purchase of investments	(2,163,870)	(1,341,434)
Proceeds from sale of investments	<u>2,679,454</u>	<u>2,522,194</u>
Net cash provided by investing activities	<u>417,771</u>	<u>1,180,760</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable - Paycheck Protection Program	337,092	-
Proceeds from loan payable - Economic Injury Disaster Loan	150,000	-
Principal payments on loan - Economic Injury Disaster Loan	<u>(150,000)</u>	<u>-</u>
Net cash provided by financing activities	<u>337,092</u>	<u>-</u>
Net increase (decrease) in cash	3,620,641	(25,599)
Cash at beginning of year	<u>2,236,576</u>	<u>2,262,175</u>
CASH AT END OF YEAR	<u>\$ 5,857,217</u>	<u>\$ 2,236,576</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 3,049</u>	<u>\$ -</u>

See accompanying notes to financial statements.

HIMALAYAN CATARACT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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 of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor 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 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 donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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, 2019, from which the summarized information was derived.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends and realized and unrealized gains and losses are included in investment income net of investment expenses provided by external investment advisors 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 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 Contributions and Foundation grants revenue. 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, 2020

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 and amortization expense for the year ended December 31, 2020 totaled \$2,349.

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, 2020, 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 consists of medical supplies and is measured at the lower of cost and net realizable value using the first-in, first-out method of inventory under FASB ASU 2015-11 *Simplifying the Measurement of Inventory*.

Contributions and grants -

The majority of HCP's activities are supported by contributions and grants from individuals, the U.S. Government, and other private entities. These contributions and grants are for various activities performed by HCP. Contributions and grants are recognized in the appropriate category of net assets in the period received. HCP performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions and grants qualifying as contributions that are unconditional and have 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. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions or grants qualifying as conditional contributions contain a right of return from obligation provision that limits HCP on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met.

HIMALAYAN CATARACT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

Contributions and grants (continued) -

Most grant awards from the U.S. Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. HCP recognizes revenue for these conditional contributions when the related barrier has been overcome. Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, HCP had approximately \$1,250,000 in unrecognized conditional awards as of December 31, 2020.

Grants and contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and record revenue when the performance obligations are met. The revenue is recorded directly to without donor restrictions and the transaction price is based on expenses incurred in compliance with the criteria stipulated in the grant or contract agreements. Funds received in advance are recorded as deferred revenue.

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.

Foreign currency translation -

The U. S. Dollar is the functional currency for HCP's worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into dollars at the exchange rate in effect at the date of the Statement of Financial Position.

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. Expenses directly attributed to a specific functional area of HCP are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort or other reasonable basis.

HIMALAYAN CATARACT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

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.

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.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact HCP's operations. The overall potential impact is unknown at this time.

New accounting pronouncement (not yet adopted) -

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

HCP plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, HCP has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

HIMALAYAN CATARACT PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. INVESTMENTS (Continued)

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market HCP has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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, 2020.

- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by HCP's are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by HCP's 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, 2020. Transfers between levels are recorded at the end of the reporting period, if applicable. 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, 2020:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 1,983,716	\$ -	\$ -	\$ 1,983,716
Stocks	2,395,923	-	-	2,395,923
U.S. Government securities	243,911	-	-	243,911
Corporate bonds	-	227,663	-	227,663
Certificates of deposit	-	940,609	-	940,609
TOTAL	<u>\$ 4,623,550</u>	<u>\$ 1,168,272</u>	<u>\$ -</u>	<u>\$ 5,791,822</u>

HIMALAYAN CATARACT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

2. INVESTMENTS (Continued)

Included in investment income are the following for the year ended December 31, 2020:

Interest and dividends	\$ 134,453
Unrealized gain	219,266
Realized gain	111,102
Management fees	<u>(33,156)</u>
TOTAL INVESTMENT INCOME, NET	<u>\$ 431,665</u>

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2020, donors to HCP have made written promises to give totaling \$2,120,798.

Grants and contributions 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 and contributions are due as follows at December 31, 2020:

Less than one year	\$ 1,970,798
One to five years	<u>150,000</u>
Total	2,120,798
Less: Allowance to discount balance to present value	<u>(7,887)</u>
GRANTS AND CONTRIBUTIONS RECEIVABLE	<u>\$ 2,112,911</u>

4. LOANS PAYABLE

On April 17, 2020, HCP received loan proceeds in the amount of \$337,092 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. HCP intends to use the proceeds for purposes consistent with the Paycheck Protection Program and believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. Subsequent to year-end, the loan was forgiven, and accordingly, HCP will record revenue from debt extinguishments during the year ending December 31, 2021.

During the current year, on June 29, 2020, HCP executed the standard loan documents required for securing a loan (the "EIDL Loan") from the SBA under its Economic Injury Disaster Loan ("EIDL") assistance program in light of the impact of the COVID-19 pandemic on HCP's operations. Pursuant to the agreement, the principal amount of the EIDL Loan was up to \$150,000, with proceeds to be used for operational purposes.

During the current year, the full amount of the maximum principal allowed under the agreement was disbursed to HCP. This loan was paid in full as of December 31, 2020, therefore no further repayment or terms remain on the loan agreement.

HIMALAYAN CATARACT PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

5. BOARD DESIGNATED NET ASSETS

As of December 31, 2020, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

<u>Fund</u>	<u>Purpose</u>	<u>2020</u>
Endowment	To support administrative expenses and unusual expenses.	\$ 4,650,571
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>
BOARD DESIGNATED NET ASSETS		<u>\$ 6,207,939</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020:

Program restrictions:		
Ethiopia		\$ 2,055,131
Data standards/M&E		706,915
Nepal		193,272
Pediatric programs		100,300
Training and mentoring		50,000
Ghana		33,747
Outreach		26,265
Thailand		26,100
India		<u>1,517</u>
Subtotal		3,193,247
Subject to the passage of time		<u>217,113</u>
TOTAL NET ASSETS WITH RESTRICTIONS		<u>\$ 3,410,360</u>

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:

Program restrictions:		
Ethiopia		\$ 806,593
Ghana		414,159
Nepal		293,164
India		257,233
Bhutan		173,464
South Sudan		62,774
Data standards/M&E		57,892
Pediatric programs		53,026
Outreach		20,068
Indonesia		<u>10,600</u>
Subtotal		2,148,973
Passage of time		<u>50,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS		<u>\$ 2,198,973</u>

HIMALAYAN CATARACT PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

7. LIQUIDITY

Financial assets available for use within one year of the Statement of Financial Position comprise the following at December 31, 2020:

Cash and cash equivalents	\$ 5,857,217
Investments	5,791,822
Grants and contributions receivable, current	1,970,798
Interest receivable	5,852
Less: Donor restricted funds, less amounts time restricted and to be released in 2021	(3,343,247)
Less: Board designated funds	<u>(4,650,571)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 5,631,871**

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.

8. CONTRIBUTED SERVICES AND MATERIALS

During the year ended December 31, 2020, HCP was the beneficiary of many donated goods and a significant amount of services which allowed HCP to provide greater resources toward various programs.

For the year ended December 31, 2020, donated services recognized in the Statement of Activities and Change in Net Assets totaled \$34,325. For the year ended December 31, 2020, donated materials recognized in the Statement of Activities and Change in Net Assets totaled \$353,974, none of which were in-kind cost sharing from project partners. These amounts are included in Program Services on the Statement of Functional Expenses.

9. 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 2021. Base rent is \$1,200 per month, with a rent escalation determined by the Consumer Price Index. During 2019, HCP added additional space to their lease, adding an additional \$410 per month. On September 1, 2020, HCP renegotiated the lease and had rental payments reduced to \$900 per month.

HIMALAYAN CATARACT PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
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9. LEASE COMMITMENTS (Continued)

The office space being leased in Waterbury, Vermont began in August 2015 and was on a month-to-month basis during the year and was terminated February 28, 2020. Base rent was \$825 per month, with no escalation clause.

During 2020, HCP entered into a new lease agreement for office space in Waterbury, Vermont. Under the terms of the agreement, base rent is \$2,000 per month with periodic increases during the lease term. The initial term is for five years, which commenced on March 1, 2020 and terminates on February 28, 2025.

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 terminates in July 2021. Base rent is \$2,197 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.

During 2020, HCP entered into a new lease agreement for office space in Addis Ababa, Ethiopia. The initial term is for four years and commenced on March 13, 2020 and terminates on March 14, 2024. The annual lease amount (inclusive of taxes) equals 1,179,360 Ethiopian Birr (equivalent to \$36,367). Payments will be made on a rolling six month basis with no escalation clause.

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

Year Ending December 31,

2021	\$	60,796
2022		56,013
2023		59,013
2024		44,806
2025		<u>5,000</u>
	\$	<u>225,628</u>

Rent expense for the year ended December 31, 2020 was \$78,837 and is included in Facilities on the accompanying Statement of Functional Expenses.

10. 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, 2020 totaled \$52,582 and are included in payroll and related expenses on the accompanying Statement of Functional Expenses.

11. 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, 2020, vendor deposits totaled \$228,481.

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12. SUBSEQUENT EVENTS

In preparing these financial statements, HCP has evaluated events and transactions for potential recognition or disclosure through May 20, 2021, the date the financial statements were issued.