

HIMALAYAN CATARACT PROJECT, INC.

AUDIT REPORT

DECEMBER 31, 2014 AND 2013

HIMALAYAN CATARACT PROJECT, INC.
AUDIT REPORT
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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 financial statements of Himalayan Cataract Project, Inc., which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Himalayan Cataract Project, Inc.'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 Himalayan Cataract Project, Inc.'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.

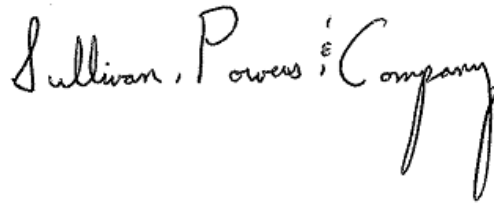
Himalayan Cataract Project, Inc.

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 previously present fairly, in all material respects, the financial position of Himalayan Cataract Project, Inc. as of December 31, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

August 28, 2015
Montpelier, Vermont
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized 'S' at the beginning and a long, sweeping tail at the end.

HIMALAYAN CATARACT PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and Equivalents - Note 2	\$ 1,128,117	\$ 1,364,958
Investments - Notes 2 and 3	5,241,988	5,694,125
Receivables - Note 4	1,243,837	580,419
Prepaid Expenses	8,047	40,805
Other Assets	98,869	64,995
Nepal Eye Program Advance - Note 5	281,583	0
Deposits on Equipment and Consumables - Note 6	152,126	0
Security Deposits	1,950	700
Total Current Assets	<u>8,156,517</u>	<u>7,746,002</u>
Noncurrent Assets:		
Property and Equipment Net of Accumulated Depreciation - Note 7	<u>13,816</u>	<u>20,503</u>
Total Noncurrent Assets	<u>13,816</u>	<u>20,503</u>
TOTAL ASSETS	<u>\$ 8,170,333</u>	<u>\$ 7,766,505</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	<u>\$ 383,347</u>	<u>\$ 232,224</u>
Total Liabilities	<u>383,347</u>	<u>232,224</u>
Net Assets:		
Unrestricted:		
Designated - Notes 8 and 9	5,053,970	4,917,035
Undesignated	<u>1,987,590</u>	<u>2,542,567</u>
Total Unrestricted	7,041,560	7,459,602
Temporarily Restricted - Note 10	<u>745,426</u>	<u>74,679</u>
Total Net Assets	<u>7,786,986</u>	<u>7,534,281</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,170,333</u>	<u>\$ 7,766,505</u>

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

HIMALAYAN CATARACT PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014		
	Unrestricted	Temporarily Restricted	Total
Revenue:			
Federal Grants	\$ 404,423	\$ 0	\$ 404,423
Foundation and Other Grants	321,892	717,938	1,039,830
Contributions	3,449,804	22,488	3,472,292
Net Investment Income	346,599	0	346,599
Technology and Procurement Program Revenue	367,283	0	367,283
Net Assets Released from Restrictions - Note 11	<u>69,679</u>	<u>(69,679)</u>	<u>0</u>
Total Revenue	<u>4,959,680</u>	<u>670,747</u>	<u>5,630,427</u>
Expenses:			
Program Services:			
Eye Care and Education	<u>4,834,971</u>	<u>0</u>	<u>4,834,971</u>
Total Program Services	<u>4,834,971</u>	<u>0</u>	<u>4,834,971</u>
Supporting Services:			
Management and General	408,319	0	408,319
Fundraising	<u>134,432</u>	<u>0</u>	<u>134,432</u>
Total Supporting Services	<u>542,751</u>	<u>0</u>	<u>542,751</u>
Total Expenses	<u>5,377,722</u>	<u>0</u>	<u>5,377,722</u>
Change in Net Assets	(418,042)	670,747	252,705
Net Assets - Beginning of Year	<u>7,459,602</u>	<u>74,679</u>	<u>7,534,281</u>
Net Assets - End of Year	<u>\$ 7,041,560</u>	<u>\$ 745,426</u>	<u>\$ 7,786,986</u>

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

2013

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 1,026,234	\$ 0	\$ 1,026,234
549,553	53,197	602,750
2,851,412	18,150	2,869,562
312,175	0	312,175
482,195	0	482,195
<u>32,924</u>	<u>(32,924)</u>	<u>0</u>
<u>5,254,493</u>	<u>38,423</u>	<u>5,292,916</u>
<u>4,720,273</u>	<u>0</u>	<u>4,720,273</u>
<u>4,720,273</u>	<u>0</u>	<u>4,720,273</u>
400,894	0	400,894
<u>119,500</u>	<u>0</u>	<u>119,500</u>
<u>520,394</u>	<u>0</u>	<u>520,394</u>
<u>5,240,667</u>	<u>0</u>	<u>5,240,667</u>
13,826	38,423	52,249
<u>7,445,776</u>	<u>36,256</u>	<u>7,482,032</u>
<u>\$ 7,459,602</u>	<u>\$ 74,679</u>	<u>\$ 7,534,281</u>

HIMALAYAN CATARACT PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			
	Eye Care and Education	Management and General	Fundraising	Total Expenses
Payroll and Related Expenses	\$ 518,953	\$ 168,303	\$ 105,427	\$ 792,683
Subcontractors	14,127	35,408	0	49,535
Printing and Reproduction	0	15,230	4,133	19,363
Computer and Software	1,751	18,879	0	20,630
Website Management	0	10,604	0	10,604
Telephone and Internet	10,668	10,668	0	21,336
Memberships	6,814	270	295	7,379
Supplies	4,083	9,458	0	13,541
Shipping and Postage	1,278	12,188	5,262	18,728
Facility	25,185	8,899	3,150	37,234
Legal and Accounting Fees	3,910	31,803	0	35,713
Depreciation	4,946	1,741	0	6,687
Bank Charges and Investment Fees	3,165	28,294	0	31,459
Other	22,454	50,168	14,269	86,891
Travel	138,641	6,406	1,896	146,943
Program:				
Himalayas:				
Nepal:				
General Support	828,864	0	0	828,864
Tilganga Expansion Project	0	0	0	0
Hetauda Eye Hospital Project	87,656	0	0	87,656
Burma Project	289,647	0	0	289,647
Bhutan	158,072	0	0	158,072
India	28,118	0	0	28,118
Sub-Saharan Africa:				
Ghana:				
General Support	324,819	0	0	324,819
Kath Eye Center Project	521,960	0	0	521,960
Ethiopia	1,471,920	0	0	1,471,920
Other (Kenya, Rwanda, S. Sudan Nigeria)	29,117	0	0	29,117
Procurement Program	338,823	0	0	338,823
Total	\$ 4,834,971	\$ 408,319	\$ 134,432	\$ 5,377,722

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

2013

Eye Care and Education	Management and General	Fundraising	Total Expenses
\$ 459,651	\$ 190,112	\$ 96,333	\$ 746,096
21,482	47,258	0	68,740
6,305	15,352	0	21,657
100	16,562	0	16,662
0	18,717	0	18,717
9,872	9,872	0	19,744
6,944	260	0	7,204
9,040	6,322	0	15,362
3,913	18,325	0	22,238
26,775	5,523	2,616	34,914
17,705	32,743	0	50,448
4,946	1,742	0	6,688
2,700	24,864	0	27,564
59,601	12,436	19,233	91,270
125,839	806	1,318	127,963
659,632	0	0	659,632
743,608	0	0	743,608
0	0	0	0
0	0	0	0
71,598	0	0	71,598
59,328	0	0	59,328
128,064	0	0	128,064
708,220	0	0	708,220
1,098,450	0	0	1,098,450
52,607	0	0	52,607
443,893	0	0	443,893
<u>\$ 4,720,273</u>	<u>\$ 400,894</u>	<u>\$ 119,500</u>	<u>\$ 5,240,667</u>

HIMALAYAN CATARACT PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 252,705	\$ 52,249
Add: Items Providing Cash or Not Requiring Cash:		
Depreciation Expense	6,687	6,688
Net Realized and Unrealized Loss on Investments	545,611	0
Decrease in Prepaid Expenses	32,758	1,249
Increase in Accounts Payable	151,123	0
Deduct: Items Requiring Cash or Not Providing Cash:		
Net Realized and Unrealized Gains on Investments	0	(234,293)
Increase in Receivables	(663,418)	(470,647)
Increase in Other Assets	(33,874)	(37,558)
Increase in Deposits on Equipment and Consumables	(152,126)	0
Increase in Nepal Eye Program Advance	(281,583)	0
Increase in Security Deposits	(1,250)	0
Decrease in Accounts Payable	0	(1,100)
Decrease in Deferred Revenue	0	(153,228)
	(143,367)	(836,640)
Cash Flow from Investing Activities:		
Net Purchase of Investments	(1,783,617)	(1,529,844)
Proceeds from Sale or Maturity of Investments	1,690,143	2,001,722
	(93,474)	471,878
Net Increase/(Decrease) in Cash and Cash Equivalents	(236,841)	(364,762)
Cash and Cash Equivalents - Beginning of the Year	1,364,958	1,729,720
Cash and Cash Equivalents - End of the Year	\$ 1,128,117	\$ 1,364,958

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

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 1:
(Cont'd)

Revenue Recognition

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.

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

Revenues from the technology and procurement program are recognized when the goods have been shipped to their partner organizations and/or the procurement services have been substantially provided.

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as certificates of deposit 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, 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, 2014 and 2013, 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:

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 1:
(Cont'd)

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

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 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 taxes are required for 2014 or 2013.

The Organization's tax returns are subject to review and examination by federal and state authorities. Tax returns for the years ended December 31, 2012, 2013 and 2014 are open for examination by federal and state authorities.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 1:
(Cont'd)

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.

Note 2: CASH AND CERTIFICATES OF DEPOSIT

At December 31, 2014 and 2013, the Organization's cash accounts and certificates of deposit consisted of the following:

	<u>2014</u>	<u>2013</u>
Cash and Equivalents	\$1,128,117	\$1,364,958
Investments – Certificates of Deposit	<u>1,811,210</u>	<u>2,573,587</u>
	<u>\$2,939,327</u>	<u>\$3,938,545</u>

The certificates of deposit are at various banks with interest rates ranging from .85% to 3.55% and maturity dates ranging from February 3, 2015 to January 25, 2018.

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

	2014		2013	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Insured (FDIC)/(SIPC)	\$2,779,261	\$2,819,496	\$3,153,654	\$3,153,654
Uninsured, Not Collateralized				
By Bank	<u>160,066</u>	<u>168,114</u>	<u>784,891</u>	<u>901,151</u>
Total	<u>\$2,939,327</u>	<u>\$2,987,610</u>	<u>\$3,938,545</u>	<u>\$4,054,805</u>

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

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 3: INVESTMENTS

The following investments were held by the Organization as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Undesignated Investments	\$2,078,296	\$2,751,978
Designated Investments – Endowment – Notes 9 & 10	<u>3,163,692</u>	<u>2,942,147</u>
Total	<u>\$5,241,988</u>	<u>\$5,694,125</u>

Investments are comprised of the following:

	<u>2014</u>	<u>2013</u>
Certificates of Deposit	\$1,801,179	\$2,556,889
Government Bonds	533,452	524,561
Equities	2,673,824	2,374,185
Mutual Funds	220,283	218,621
Accrued Interest on Certificates of Deposit	10,031	16,698
Accrued Interest on Government Bonds	2,927	2,917
Accrued Interest on Corporate Bonds	<u>292</u>	<u>254</u>
Total	<u>\$5,241,988</u>	<u>\$5,694,125</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 \$175,270 and \$159,571 of unrealized gains on the above investments at December 31, 2014 and 2013, respectively. Investment fees and bank charges were \$19,204 and \$21,790 during 2014 and 2013, respectively.

Note 4: RECEIVABLES

Receivables are comprised of the following:

	<u>2014</u>	<u>2013</u>
Contributions Receivable in Less than One Year	\$1,161,146	\$530,716
Procurement Program Receivables	<u>82,691</u>	<u>49,703</u>
Total	<u>\$1,243,837</u>	<u>\$580,419</u>

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 5: NEPAL EYE PROGRAM ADVANCE

The Organization advanced the Nepal Eye Program/Tilganga Institute of Ophthalmology \$281,583 for the purchase of land in Hetauda, Nepal for the development of a pharmaceutical plant. Repayment will take place by the borrower reducing future reimbursements that it receives from the Organization by a set amount of \$7,823 per month resulting in the advance being repaid in thirty-six (36) months.

Note 6: DEPOSITS ON EQUIPMENT AND CONSUMABLES

The Organization has made deposits with vendors for the purchase of equipment and consumables for the procurement program. Once final payment is made by the Organization and the goods are shipped, the expenses are allocated to specific programs.

Note 7: PROPERTY AND EQUIPMENT

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

	2014					
	Balance 01/01/14	Additions	Deletions	Balance 12/31/14	Accumulated Depreciation 12/31/14	Net Property, Plant and Equipment 12/31/14
Computers	\$ 4,693	\$ 0	\$ 0	\$ 4,693	\$ 4,693	\$ 0
Software	8,706	0	0	8,706	7,255	1,451
Ophthalmic Equipment	<u>24,730</u>	<u>0</u>	<u>0</u>	<u>24,730</u>	<u>12,365</u>	<u>12,365</u>
Total	<u>\$ 38,129</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 38,129</u>	<u>\$ 24,313</u>	<u>\$ 13,816</u>

	2013					
	Balance 01/01/13	Additions	Deletions	Balance 12/31/13	Accumulated Depreciation 12/31/13	Net Property, Plant and Equipment 12/31/13
Computers	\$ 4,693	\$ 0	\$ 0	\$ 4,693	\$ 4,693	\$ 0
Software	8,706	0	0	8,706	5,514	3,192
Ophthalmic Equipment	<u>24,730</u>	<u>0</u>	<u>0</u>	<u>24,730</u>	<u>7,419</u>	<u>17,311</u>
Total	<u>\$ 38,129</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 38,129</u>	<u>\$ 17,626</u>	<u>\$ 20,503</u>

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 8: DESIGNATED NET ASSETS

The designated net assets of the Organization consist of the following:

<u>Fund</u>	<u>Purpose</u>	<u>2014</u>	<u>2013</u>
Endowment Fund	To Ultimately Support Administrative and Unusual Expenses	\$3,163,692	\$2,942,147
Education and Training Fund	To Support Training and Education Activities With Academic Partners, Existing and Future, for the Purpose of Improved Academic and Surgical Training Programs In Furtherance of the Organization's Mission	332,910	417,520
Contingency Fund	To Ensure the Uninterrupted Continuation of Programmatic And Administrative Operations of the Organization in the Event of an Unanticipated Disruption of the Planned and Anticipated Funding Sources	<u>1,557,368</u>	<u>1,557,368</u>
	Total	<u>\$5,053,970</u>	<u>\$4,917,035</u>

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 9: ENDOWMENT FUND

The Organization's Endowment Fund consists of the following:

	<u>2014</u>	<u>2013</u>
Board Designated Net Assets	\$ <u>3,163,692</u>	\$ <u>2,942,147</u>
Total Endowment Fund	\$ <u>3,163,692</u>	\$ <u>2,942,147</u>

The assets were held as follows:

	<u>2014</u>	<u>2013</u>
Cash/Money Accounts	\$ 172,001	\$ 176,227
Certificates of Deposit	100,384	126,868
Mutual Funds	219,273	217,619
Government Bonds	328,143	333,579
Equities	2,340,858	2,084,512
Accrued Interest	<u>3,033</u>	<u>3,342</u>
Total	\$ <u>3,163,692</u>	\$ <u>2,942,147</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, equities, stocks and other investments at Merrill Lynch in 2014 and 2013.

The Organization's endowment consists of one fund established as the Organization's endowment that will ultimately support administrative and unusual 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.

In March 2012, the Organization adopted an investment and spending policy for endowment assets. The Organization has not spent any of the assets as of December 31, 2014 and 2013, respectively.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 9:
(Cont'd)

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

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Board Designated Endowment Funds	\$ <u>3,163,692</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>3,163,692</u>
Total Funds	\$ <u><u>3,163,692</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>3,163,692</u></u>

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Board Designated Endowment Funds	\$ <u>2,942,147</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,942,147</u>
Total Funds	\$ <u><u>2,942,147</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>2,942,147</u></u>

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

	2014	2013
	Unrestricted	Unrestricted
Endowment Net Assets Beginning of Year	\$ <u>2,942,147</u>	\$ <u>2,808,558</u>
Investment Return:		
Investment Income	39,936	36,041
Net Appreciation/(Depreciation) - (Realized and Unrealized)	216,047	115,287
Investment Expense - Current Year	<u>(34,438)</u>	<u>(17,739)</u>
Total Investment Return	<u>221,545</u>	<u>133,589</u>
Endowment Net Assets End of Year	\$ <u><u>3,163,692</u></u>	\$ <u><u>2,942,147</u></u>

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Note 10: TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2014</u>	<u>2013</u>
Cataract Surgeries	\$ 5,300	\$11,000
Tibet	2,500	2,000
Quiha Medical Students	0	4,150
Arbaminch Outreach	0	50,000
Wossen Training	0	3,197
Indonesia Eye Care Project - Tilganga	0	1,332
PAHS – Patan Hospital in Nepal	2,000	2,000
TIO Staff Fund	1,000	1,000
Lavelle Fund for the Blind	118,406	0
Support HCP and TIO in Nepal	11,897	0
Ethiopia Improved Access to Cataract Surgery	500,000	0
ASCRS Partnership	37,500	0
Freeman Fellows	50,000	0
Training Fund	300	0
Travel Expenses	9,523	0
Tilganga Staff Fund	1,000	0
FHF Indigenous	2,000	0
Indonesia	3,000	0
India	<u>1,000</u>	<u>0</u>
 Total	 <u>\$745,426</u>	 <u>\$74,679</u>

Note 11: NET ASSETS RELEASED FROM RESTRICTIONS

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

	<u>2014</u>	<u>2013</u>
Donor Imposed Restricted have been Fulfilled	\$ <u>69,679</u>	\$ <u>32,924</u>
 Total Net Assets Released From Restrictions	 <u>\$ 69,679</u>	 <u>\$ 32,924</u>

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Note 12: LEASES

The Organization leases space in Waterbury, Vermont. The lease is on a month to month basis. Monthly rental expense was \$325 per month for January and February and increased to \$350 per month from March through December in 2014. Monthly rental expense was \$325 in 2013. Rental expense was \$4,150 for 2014 and \$3,900 for 2013.

The Organization leases office space in Norwich, Vermont. The lease is from January 1, 2014 to December 31, 2014, with the option for annual renewal. The lease was renewed. Monthly rental expense is \$750. Rental expense was \$8,600 for 2014 and 2013.

The Organization leases office space in Silver Spring, Maryland. The lease is from November 1, 2013 to October 31, 2014, with the option for annual renewal through February 1, 2015. The lease was renewed until October 31, 2015. Monthly rental expense is \$1,050. Rental expense was \$12,600 for 2014 and 2013.

Note 13: 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 \$311,788 and \$276,791 in 2014 and 2013, respectively.

Donated materials are also reflected as contributions in the Statement of Activities. The amount of donated materials are \$1,060,106 and \$437,559 of which \$569,441 and \$96,644 are in-kind cost sharing from project partners in 2014 and 2013, respectively.

Note 14: 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 15: SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through August 28, 2015, which is the date the financial statements were available to be issued.