

HIMALAYAN CATARACT PROJECT, INC.

AUDIT REPORT

DECEMBER 31, 2015 AND 2014

HIMALAYAN CATARACT PROJECT, INC.
AUDIT REPORT
TABLE OF CONTENTS
DECEMBER 31, 2015 AND 2014

		<u>Page #</u>
Independent Auditor's Report		1-2
Statement of Financial Position	Exhibit I	3
Statement of Activities	Exhibit II	4
Statement of Functional Expenses	Exhibit III	5
Statement of Cash Flows	Exhibit IV	6
Notes to the Financial Statements		7-18

Sullivan, Powers & Co., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
VT Lic. #92-000180

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Himalayan Cataract Project, Inc., which comprise the statement of financial position as of December 31, 2015 and 2014, 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.

Auditors' 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 and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Himalayan Cataract Project, Inc.

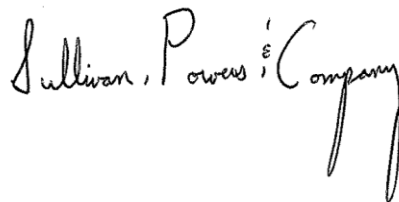
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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 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.

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, 2015 and 2014, 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 12, 2016
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 initial 'S' and a long, sweeping underline.

HIMALAYAN CATARACT PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

<u>ASSETS</u>	2015	2014
Current Assets:		
Cash and Equivalents - Note 2	\$ 1,977,280	\$ 1,128,117
Investments - Notes 2 and 3	4,183,659	5,241,988
Receivables - Note 4	2,119,456	1,243,837
Prepaid Expenses	61,580	8,047
Inventory	358,576	98,869
Nepal Eye Program Advance - Note 5	281,583	281,583
Deposits on Equipment and Consumables - Note 6	54,325	152,126
Security Deposits	1,950	1,950
Total Current Assets	9,038,409	8,156,517
Noncurrent Assets:		
Property and Equipment Net of Accumulated Depreciation - Note 7	7,419	13,816
Total Noncurrent Assets	7,419	13,816
TOTAL ASSETS	\$ 9,045,828	\$ 8,170,333
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 207,894	\$ 383,347
Total Liabilities	207,894	383,347
Net Assets:		
Unrestricted:		
Designated - Notes 8 and 9	4,754,904	5,053,970
Undesignated	3,725,940	1,987,590
Total Unrestricted	8,480,844	7,041,560
Temporarily Restricted - Note 10	357,090	745,426
Total Net Assets	8,837,934	7,786,986
TOTAL LIABILITIES AND NET ASSETS	\$ 9,045,828	\$ 8,170,333

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

HIMALAYAN CATARACT PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015		
	Unrestricted	Temporarily Restricted	Total
Revenue:			
Federal Grants	\$ 1,083,742	\$ 0	\$ 1,083,742
Foundation and Other Grants	231,300	157,000	388,300
Contributions	5,899,173	66,489	5,965,662
Net Investment Income/(Loss)	(147,807)	0	(147,807)
Technology and Procurement Program Revenue	501,579	0	501,579
Net Assets Released from Restrictions - Note 11	<u>611,825</u>	<u>(611,825)</u>	<u>0</u>
Total Revenue	<u>8,179,812</u>	<u>(388,336)</u>	<u>7,791,476</u>
Expenses:			
Program Services:			
Eye Care and Education	<u>6,034,502</u>	<u>0</u>	<u>6,034,502</u>
Total Program Services	<u>6,034,502</u>	<u>0</u>	<u>6,034,502</u>
Supporting Services:			
Management and General	537,253	0	537,253
Fundraising	<u>168,773</u>	<u>0</u>	<u>168,773</u>
Total Supporting Services	<u>706,026</u>	<u>0</u>	<u>706,026</u>
Total Expenses	<u>6,740,528</u>	<u>0</u>	<u>6,740,528</u>
Change in Net Assets	1,439,284	(388,336)	1,050,948
Net Assets - Beginning of Year	<u>7,041,560</u>	<u>745,426</u>	<u>7,786,986</u>
Net Assets - End of Year	<u>\$ 8,480,844</u>	<u>\$ 357,090</u>	<u>\$ 8,837,934</u>

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

2014		
Unrestricted	Temporarily Restricted	Total
\$ 404,423	\$ 0	\$ 404,423
321,892	717,938	1,039,830
3,449,804	22,488	3,472,292
346,599	0	346,599
367,283	0	367,283
<u>69,679</u>	<u>(69,679)</u>	<u>0</u>
<u>4,959,680</u>	<u>670,747</u>	<u>5,630,427</u>
<u>4,834,971</u>	<u>0</u>	<u>4,834,971</u>
<u>4,834,971</u>	<u>0</u>	<u>4,834,971</u>
408,319	0	408,319
<u>134,432</u>	<u>0</u>	<u>134,432</u>
<u>542,751</u>	<u>0</u>	<u>542,751</u>
<u>5,377,722</u>	<u>0</u>	<u>5,377,722</u>
(418,042)	670,747	252,705
<u>7,459,602</u>	<u>74,679</u>	<u>7,534,281</u>
<u>\$ 7,041,560</u>	<u>\$ 745,426</u>	<u>\$ 7,786,986</u>

HIMALAYAN CATARACT PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			
	Eye Care and Education	Management and General	Fundraising	Total Expenses
Payroll and Related Expenses	\$ 691,204	\$ 225,539	\$ 138,326	\$ 1,055,069
Subcontractors	5,000	15,365	0	20,365
Printing and Reproduction	5,274	23,512	0	28,786
Computer and Software	0	31,406	0	31,406
Website Management	0	57,791	0	57,791
Telephone and Internet	11,504	11,504	0	23,008
Memberships	13,579	785	0	14,364
Supplies	6,002	6,002	0	12,004
Shipping and Postage	468	15,802	0	16,270
Facility	54,573	14,115	2,758	71,446
Legal and Accounting Fees	0	33,041	0	33,041
Depreciation	0	6,397	0	6,397
Consulting - Strategic Development	8,820	0	0	8,820
Bank Charges and Investment Fees	5,890	29,889	0	35,779
Other	(49,305)	41,919	27,689	20,303
Travel	122,333	24,186	0	146,519
Program:				
Himalayas:				
Nepal:				
General Support	1,313,902	0	0	1,313,902
Hetauda Eye Hospital Project	57,621	0	0	57,621
Burma Project	655,333	0	0	655,333
Bhutan	62,641	0	0	62,641
India	9,607	0	0	9,607
Sub-Saharan Africa:				
Ghana:				
General Support	490,201	0	0	490,201
Kath Eye Center Project	554,660	0	0	554,660
Ethiopia	1,488,919	0	0	1,488,919
Other (Kenya, Rwanda, S. Sudan Nigeria)	91,119	0	0	91,119
Procurement Program	435,157	0	0	435,157
 Total	 \$ 6,034,502	 \$ 537,253	 \$ 168,773	 \$ 6,740,528

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

2014

Eye Care and Education	Management and General	Fundraising	Total Expenses
\$ 518,953	\$ 168,303	\$ 105,427	\$ 792,683
14,127	35,408	0	49,535
0	15,230	4,133	19,363
1,751	18,879	0	20,630
0	10,604	0	10,604
10,668	10,668	0	21,336
6,814	270	295	7,379
4,083	9,458	0	13,541
1,278	12,188	5,262	18,728
25,185	8,899	3,150	37,234
3,910	31,803	0	35,713
4,946	1,741	0	6,687
0	0	0	0
3,165	28,294	0	31,459
22,454	50,168	14,269	86,891
138,641	6,406	1,896	146,943
828,864	0	0	828,864
87,656	0	0	87,656
289,647	0	0	289,647
158,072	0	0	158,072
28,118	0	0	28,118
324,819	0	0	324,819
521,960	0	0	521,960
1,471,920	0	0	1,471,920
29,117	0	0	29,117
338,823	0	0	338,823
<u>\$ 4,834,971</u>	<u>\$ 408,319</u>	<u>\$ 134,432</u>	<u>\$ 5,377,722</u>

HIMALAYAN CATARACT PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,050,948	\$ 252,705
Add: Items Providing Cash or Not Requiring Cash:		
Depreciation Expense	6,397	6,687
Net Realized and Unrealized Loss on Investments	0	545,611
Decrease in Prepaid Expenses	0	32,758
Decrease in Deposits on Equipment and Consumables	97,801	0
Increase in Accounts Payable	0	151,123
Deduct: Items Requiring Cash or Not Providing Cash:		
Net Realized and Unrealized Gains on Investments	(50,081)	0
Increase in Receivables	(875,619)	(663,418)
Increase in Prepaid Expenses	(53,533)	0
Increase in Inventory	(259,707)	(33,874)
Increase in Deposits on Equipment and Consumables	0	(152,126)
Increase in Nepal Eye Program Advance	0	(281,583)
Increase in Security Deposits	0	(1,250)
Decrease in Accounts Payable	(175,453)	0
Net Cash Provided/(Used) by Operating Activities	(259,247)	(143,367)
Cash Flow from Investing Activities:		
Net Purchase of Investments	(568,214)	(1,783,617)
Proceeds from Sale or Maturity of Investments	1,676,624	1,690,143
Net Cash Provided/(Used) by Investing Activities	1,108,410	(93,474)
Net Increase/(Decrease) in Cash and Cash Equivalents	849,163	(236,841)
Cash and Cash Equivalents - Beginning of the Year	1,128,117	1,364,958
Cash and Cash Equivalents - End of the Year	\$ 1,977,280	\$ 1,128,117

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

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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, 2015 AND 2014

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 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, 2015 and 2014, the allowance was zero.

Inventory

Inventory quantities are determined by an inventory tracking system and are valued at cost. Inventory consists of medical eye care equipment and supplies.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 1:
(Cont'd)

Property, Plant and Equipment

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

	<u>Lives</u>
Computers	3 to 5 Years
Software	5 Years
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 the 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 2015 or 2014.

The Organization's tax returns are subject to review and examination by federal and state authorities. Tax returns for the years ended December 31, 2013, 2014 and 2015 are open for examination by federal and state authorities.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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, 2015 and 2014, the Organization's cash accounts and certificates of deposit consisted of the following:

	<u>2015</u>	<u>2014</u>
Cash and Equivalents	\$1,977,280	\$1,128,117
Investments – Certificates of Deposit	<u>1,153,408</u>	<u>1,811,210</u>
	<u>\$3,130,688</u>	<u>\$2,939,327</u>

The certificates of deposit are at various banks with interest rates ranging from .85% to 2.05% and maturity dates ranging from January 25, 2016 to September 5, 2017.

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

	<u>2015</u>		<u>2014</u>	
	<u>Book Balance</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Insured (FDIC)/(SIPC)	\$ 1,653,408	\$ 1,653,408	\$2,779,261	\$2,819,496
Uninsured, Not Collateralized				
By Bank	<u>1,477,280</u>	<u>1,509,796</u>	<u>160,066</u>	<u>168,114</u>
Total	<u>\$ 3,130,688</u>	<u>\$ 3,163,204</u>	<u>\$2,939,327</u>	<u>\$2,987,610</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, 2015 AND 2014

Note 3: INVESTMENTS

The following investments were held by the Organization as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Undesignated Investments	\$ 1,265,554	\$2,078,296
Designated Investments – Endowment – Notes 9 & 10	<u>2,918,105</u>	<u>3,163,692</u>
Total	<u>\$ 4,183,659</u>	<u>\$5,241,988</u>

Investments are comprised of the following:

	<u>2015</u>	<u>2014</u>
Certificates of Deposit	\$1,148,687	\$1,801,179
Government Bonds	508,022	533,452
Equities	2,309,337	2,673,824
Mutual Funds	209,587	220,283
Accrued Interest on Certificates of Deposit	4,721	10,031
Accrued Interest on Government Bonds	2,853	2,927
Accrued Interest on Corporate Bonds	<u>452</u>	<u>292</u>
Total	<u>\$4,183,659</u>	<u>\$5,241,988</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/Loss in the Statement of Activities includes \$(342,986) and \$175,270 of unrealized gains/losses on the above investments at December 31, 2015 and 2014, respectively. Investment fees and bank charges were \$35,780 and \$31,459 during 2015 and 2014, respectively.

Note 4: RECEIVABLES

Receivables are comprised of the following:

	<u>2015</u>	<u>2014</u>
Contributions Receivable in Less than One Year	\$2,119,456	\$1,161,146
Procurement Program Receivables	<u>0</u>	<u>82,691</u>
Total	<u>\$2,119,456</u>	<u>\$1,243,837</u>

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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 starting within two (2) to three (3) years from the date of the advance which occurred during 2014.

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:

	2015					
	Balance 01/01/15	Additions	Deletions	Balance 12/31/15	Accumulated Depreciation 12/31/15	Net Property, Plant and Equipment 12/31/15
Computers	\$ 4,693	\$ 0	\$ 0	\$ 4,693	\$ 4,693	\$ 0
Software	8,706	0	0	8,706	8,706	0
Ophthalmic Equipment	<u>24,730</u>	<u>0</u>	<u>0</u>	<u>24,730</u>	<u>17,311</u>	<u>7,419</u>
Total	<u>\$ 38,129</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 38,129</u>	<u>\$ 30,710</u>	<u>\$ 7,419</u>
	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>

HIMALAYAN CATARACT PROJECT, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2015 AND 2014

Note 8: DESIGNATED NET ASSETS

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

<u>Fund</u>	<u>Purpose</u>	<u>2015</u>	<u>2014</u>
Endowment Fund	To Ultimately Support Administrative and Unusual Expenses	\$2,918,105	\$3,163,692
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	279,431	332,910
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>\$4,754,904</u>	<u>\$5,053,970</u>

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 9: ENDOWMENT FUND

The Organization's Endowment Fund consists of the following:

	<u>2015</u>	<u>2014</u>
Board Designated Net Assets	\$ <u>2,918,105</u>	\$ <u>3,163,692</u>
Total Endowment Fund	\$ <u>2,918,105</u>	\$ <u>3,163,692</u>

The assets were held as follows:

	<u>2015</u>	<u>2014</u>
Cash/Money Accounts	\$ 595,894	\$ 172,001
Certificates of Deposit	0	100,384
Mutual Funds	209,587	219,273
Government Bonds	309,542	328,143
Equities	1,801,063	2,340,858
Accrued Interest	<u>2,019</u>	<u>3,033</u>
Total	\$ <u>2,918,105</u>	\$ <u>3,163,692</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 2015 and 2014.

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, 2015 and 2014, respectively.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 9:
(Cont'd)

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

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Board Designated Endowment Funds	\$ <u>2,918,105</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>2,918,105</u>
Total Funds	\$ <u><u>2,918,105</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>2,918,105</u></u>

	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>

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

	2015	2014
	Unrestricted	Unrestricted
Endowment Net Assets		
Beginning of Year	\$ <u>3,163,692</u>	\$ <u>2,942,147</u>
Investment Return:		
Investment Income	49,854	39,936
Net Appreciation/(Depreciation) - (Realized and Unrealized)	(266,161)	216,047
Investment Expense - Current Year	<u>(29,280)</u>	<u>(34,438)</u>
Total Investment Return/(Loss)	<u>(245,587)</u>	<u>221,545</u>
Endowment Net Assets		
End of Year	\$ <u><u>2,918,105</u></u>	\$ <u><u>3,163,692</u></u>

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 10: TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Cataract Surgeries	\$ 11,000	\$ 5,300
Tibet	2,500	2,500
Ethiopia Outreach	50,000	0
Ethiopian Trainee	2,000	0
Nepal Relief	36,739	0
PAHS – Patan Hospital in Nepal	2,000	2,000
TIO Staff Fund	1,000	1,000
Lavelle Fund for the Blind	141,466	118,406
Support HCP and TIO in Nepal	0	11,897
Ethiopia Improved Access to Cataract Surgery	0	500,000
ASCRS Partnership	37,500	37,500
Freeman Fellows	50,000	50,000
Training Fund	435	300
Travel Expenses	0	9,523
Tilganga Staff Fund	2,000	1,000
FHF Indigenous	0	2,000
Indonesia	20,450	3,000
India	<u>0</u>	<u>1,000</u>
 Total	 <u>\$357,090</u>	 <u>\$745,426</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>2015</u>	<u>2014</u>
Donor Imposed Restricted have been Fulfilled	\$ <u>611,825</u>	\$ <u>69,679</u>
 Total Net Assets Released From Restrictions	 <u>\$ 611,825</u>	 <u>\$ 69,679</u>

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 12: LEASES

The Organization leases space in Waterbury, Vermont. The lease is from August 1, 2015 to May 31, 2018. Monthly rental expense was \$350 per month for January through July and increased to \$725 per month from August through December in 2015. Rental expense was \$6,075 for 2015 and \$4,150 for 2014.

The Organization leases office space in Norwich, Vermont. The lease is from January 1, 2015 to December 31, 2015, with the option for annual renewal. The lease was renewed. Monthly rental expense is \$750. Rental expense was \$9,000 and \$8,600 for 2015 and 2014.

The Organization leases office space in Silver Spring, Maryland. The lease is from November 1, 2014 to October 31, 2015, with the option for annual renewal through February 1, 2016. The lease was renewed until January 31, 2018. Monthly rental expense is \$1,287.50. Rental expense was \$15,412 and 12,600 for 2015 and 2014.

The Organization leases warehouse space in Silver Spring, Maryland. The lease is month to month. Monthly rental expense ranged from \$1,544 to \$2,856. Rental expense was \$31,794 for 2015 and \$7,182 for 2014.

Future minimum lease payments are as follows:

2016	\$33,624
2017	25,102
2018	<u>1,375</u>
Total	<u>\$60,101</u>

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 \$206,807 and \$311,788 in 2015 and 2014, respectively.

Donated materials are also reflected as contributions in the Statement of Activities. The amount of donated materials are \$1,121,701 and \$1,060,106 of which \$251,687 and \$569,441 are in-kind cost sharing from project partners in 2015 and 2014, respectively.

HIMALAYAN CATARACT PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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 12, 2016, which is the date the financial statements were available to be issued.