

**HIMALAYAN CATARACT PROJECT, INC.**

**AUDIT REPORT**

**DECEMBER 31, 2016 AND 2015**

HIMALAYAN CATARACT PROJECT, INC.  
AUDIT REPORT  
TABLE OF CONTENTS  
DECEMBER 31, 2016 AND 2015

		<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](http://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, 2016 and 2015, 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.

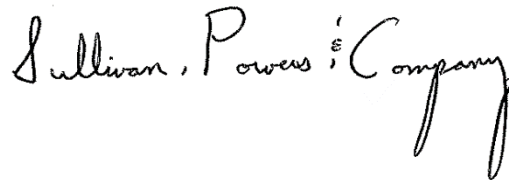
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2016 and 2015, 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 16, 2017  
Montpelier, Vermont  
VT Lic. #92-000180

A handwritten signature in cursive script that reads "Sullivan, Powers & Company". The signature is written in black ink and is positioned to the right of the date and address information.

HIMALAYAN CATARACT PROJECT, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2016 AND 2015

<u>ASSETS</u>	2016	2015
Current Assets:		
Cash and Equivalents - Note 2	\$ 3,940,704	\$ 1,977,280
Investments - Notes 2 and 3	3,871,973	4,183,659
Receivables - Note 4	1,052,632	2,119,456
Prepaid Expenses	13,475	61,580
Inventory	453,584	358,576
Nepal Eye Program Advance - Note 5	0	281,583
Deposits on Equipment and Consumables - Note 6	256,941	54,325
Security Deposits	1,950	1,950
Total Current Assets	9,591,259	9,038,409
Noncurrent Assets:		
Property and Equipment Net of Accumulated Depreciation - Note 7	2,473	7,419
Total Noncurrent Assets	2,473	7,419
TOTAL ASSETS	\$ 9,593,732	\$ 9,045,828
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 446,030	\$ 207,894
Deferred Revenue - Note 8	322,955	0
Total Liabilities	768,985	207,894
Net Assets:		
Unrestricted:		
Designated - Notes 9 and 10	5,164,754	4,754,904
Undesignated	3,329,904	3,725,940
Total Unrestricted	8,494,658	8,480,844
Temporarily Restricted - Note 11	330,089	357,090
Total Net Assets	8,824,747	8,837,934
TOTAL LIABILITIES AND NET ASSETS	\$ 9,593,732	\$ 9,045,828

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

HIMALAYAN CATARACT PROJECT, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016		
	Unrestricted	Temporarily Restricted	Total
Revenue:			
Federal Grants	\$ 544,010	\$ 0	\$ 544,010
Foundation and Other Grants	765,000	0	765,000
Contributions	4,683,738	201,167	4,884,905
Net Investment Income/(Loss)	294,451	0	294,451
Technology and Procurement Program Revenue	309,008	0	309,008
Net Assets Released from Restrictions - Note 12	<u>228,168</u>	<u>(228,168)</u>	<u>0</u>
Total Revenue	<u>6,824,375</u>	<u>(27,001)</u>	<u>6,797,374</u>
Expenses:			
Program Services:			
Eye Care and Education	<u>5,768,881</u>	<u>0</u>	<u>5,768,881</u>
Total Program Services	<u>5,768,881</u>	<u>0</u>	<u>5,768,881</u>
Supporting Services:			
Management and General	589,624	0	589,624
Fundraising	<u>452,056</u>	<u>0</u>	<u>452,056</u>
Total Supporting Services	<u>1,041,680</u>	<u>0</u>	<u>1,041,680</u>
Total Expenses	<u>6,810,561</u>	<u>0</u>	<u>6,810,561</u>
Change in Net Assets	13,814	(27,001)	(13,187)
Net Assets - Beginning of Year	<u>8,480,844</u>	<u>357,090</u>	<u>8,837,934</u>
Net Assets - End of Year	<u>\$ 8,494,658</u>	<u>\$ 330,089</u>	<u>\$ 8,824,747</u>

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

2015		
Unrestricted	Temporarily Restricted	Total
\$ 1,083,742	\$ 0	\$ 1,083,742
231,300	157,000	388,300
5,899,173	66,489	5,965,662
(147,807)	0	(147,807)
501,579	0	501,579
<u>611,825</u>	<u>(611,825)</u>	<u>0</u>
<u>8,179,812</u>	<u>(388,336)</u>	<u>7,791,476</u>
<u>6,034,502</u>	<u>0</u>	<u>6,034,502</u>
<u>6,034,502</u>	<u>0</u>	<u>6,034,502</u>
537,253	0	537,253
<u>168,773</u>	<u>0</u>	<u>168,773</u>
<u>706,026</u>	<u>0</u>	<u>706,026</u>
<u>6,740,528</u>	<u>0</u>	<u>6,740,528</u>
1,439,284	(388,336)	1,050,948
<u>7,041,560</u>	<u>745,426</u>	<u>7,786,986</u>
<u>\$ 8,480,844</u>	<u>\$ 357,090</u>	<u>\$ 8,837,934</u>

HIMALAYAN CATARACT PROJECT, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			
	Eye Care and Education	Management and General	Fundraising	Total Expenses
Payroll and Related Expenses	\$ 692,518	\$ 210,112	\$ 351,669	\$ 1,254,299
Subcontractors	4,000	12,658	15,031	31,689
Printing and Reproduction	0	38,276	6,290	44,566
Computer and Software	2,044	38,795	26	40,865
Website Management	0	84,984	0	84,984
Telephone and Internet	4,258	20,636	80	24,974
Memberships	4,740	6,330	0	11,070
Supplies	7,612	7,612	0	15,224
Shipping and Postage	156	24,712	1,198	26,066
Facility	54,238	15,148	2,206	71,592
Legal and Accounting Fees	0	46,834	0	46,834
Depreciation	0	4,946	0	4,946
Consulting - Strategic Development	0	0	0	0
Bank Charges and Investment Fees	6,045	30,066	60	36,171
Other	41,150	5,341	63,133	109,624
Travel	91,259	43,174	12,363	146,796
Program:				
Himalayas:				
Nepal:				
General Support	859,656	0	0	859,656
Hetauda Eye Hospital Project	111,077	0	0	111,077
Burma Project	372,445	0	0	372,445
Bhutan	102,145	0	0	102,145
India	45,710	0	0	45,710
Sub-Saharan Africa:				
Ghana:				
General Support	831,836	0	0	831,836
Operation EyeSight	10,371	0	0	10,371
Kath Eye Center Project	337,736	0	0	337,736
Ethiopia	1,640,911	0	0	1,640,911
Other (Kenya, Rwanda, S. Sudan Nigeria)	275,896	0	0	275,896
Procurement Program	273,078	0	0	273,078
 Total	 \$ 5,768,881	 \$ 589,624	 \$ 452,056	 \$ 6,810,561

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



2015

Eye Care and Education	Management and General	Fundraising	Total Expenses
\$ 691,204	\$ 225,539	\$ 138,326	\$ 1,055,069
5,000	15,365	0	20,365
5,274	23,512	0	28,786
0	31,406	0	31,406
0	57,791	0	57,791
11,504	11,504	0	23,008
13,579	785	0	14,364
6,002	6,002	0	12,004
468	15,802	0	16,270
54,573	14,115	2,758	71,446
0	33,041	0	33,041
0	6,397	0	6,397
8,820	0	0	8,820
5,890	29,889	0	35,779
(49,305)	41,919	27,689	20,303
122,333	24,186	0	146,519
1,313,902	0	0	1,313,902
57,621	0	0	57,621
655,333	0	0	655,333
62,641	0	0	62,641
9,607	0	0	9,607
490,201	0	0	490,201
0	0	0	0
554,660	0	0	554,660
1,488,919	0	0	1,488,919
91,119	0	0	91,119
435,157	0	0	435,157
<u>\$ 6,034,502</u>	<u>\$ 537,253</u>	<u>\$ 168,773</u>	<u>\$ 6,740,528</u>

HIMALAYAN CATARACT PROJECT, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (13,187)	\$ 1,050,948
Add: Items Providing Cash or Not Requiring Cash:		
Depreciation Expense	4,946	6,397
Net Realized and Unrealized Loss on Investments	311,686	0
Decrease in Receivables	1,066,824	0
Decrease in Prepaid Expenses	48,105	0
Decrease in Nepal Eye Program Advance	281,583	0
Decrease in Deposits on Equipment and Consumables	0	97,801
Increase in Accounts Payable	238,136	0
Increase in Deferred Revenue	322,955	0
Deduct: Items Requiring Cash or Not Providing Cash:		
Net Realized and Unrealized Gains on Investments	(206,869)	(50,081)
Increase in Receivables	0	(875,619)
Increase in Prepaid Expenses	0	(53,533)
Increase in Inventory	(95,008)	(259,707)
Increase in Deposits on Equipment and Consumables	(202,616)	0
Decrease in Accounts Payable	0	(175,453)
Net Cash Provided/(Used) by Operating Activities	1,756,555	(259,247)
Cash Flow from Investing Activities:		
Net Purchase of Investments	(1,187,538)	(568,214)
Proceeds from Sale or Maturity of Investments	1,394,407	1,676,624
Net Cash Provided by Investing Activities	206,869	1,108,410
Net Increase in Cash and Cash Equivalents	1,963,424	849,163
Cash and Cash Equivalents - Beginning of the Year	1,977,280	1,128,117
Cash and Cash Equivalents - End of the Year	\$ 3,940,704	\$ 1,977,280

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

HIMALAYAN CATARACT PROJECT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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, 2016 AND 2015

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, 2016 and 2015, 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, 2016 AND 2015

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 2016 or 2015.

The Organization's tax returns are subject to review and examination by federal and state authorities. Tax returns for the years ended December 31, 2014, 2015 and 2016 are open for examination by federal and state authorities.

HIMALAYAN CATARACT PROJECT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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, 2016 and 2015, the Organization's cash accounts and certificates of deposit consisted of the following:

	<u>2016</u>	<u>2015</u>
Cash and Equivalents	\$3,940,704	\$1,977,280
Investments – Certificates of Deposit	<u>654,536</u>	<u>1,153,408</u>
Total	<u>\$4,595,240</u>	<u>\$3,130,688</u>

The certificates of deposit are at various banks with interest rates ranging from .85% to 1.8% and maturity dates ranging from February 8, 2017 to January 25, 2018.

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

	<u>2016</u>		<u>2015</u>	
	<u>Book Balance</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Insured (FDIC)/(SIPC)	\$4,099,043	\$4,181,350	\$1,653,408	\$1,653,408
Uninsured, Not Collateralized By Bank	<u>496,197</u>	<u>509,915</u>	<u>1,477,280</u>	<u>1,509,796</u>
Total	<u>\$4,595,240</u>	<u>\$4,691,265</u>	<u>\$3,130,688</u>	<u>\$3,163,204</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, 2016 AND 2015

Note 3: INVESTMENTS

The following investments were held by the Organization as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Undesignated Investments	\$ 501,808	\$1,265,554
Designated Investments – Endowment – Notes 9 & 10	<u>3,370,165</u>	<u>2,918,105</u>
Total	<u>\$ 3,871,973</u>	<u>\$4,183,659</u>

Investments are comprised of the following:

	<u>2016</u>	<u>2015</u>
Certificates of Deposit	\$ 651,634	\$1,148,687
Government Bonds	516,665	508,022
Equities	2,402,946	2,309,337
Mutual Funds	294,555	209,587
Accrued Interest on Certificates of Deposit	2,902	4,721
Accrued Interest on Government Bonds	2,794	2,853
Accrued Interest on Corporate Bonds	<u>477</u>	<u>452</u>
Total	<u>\$3,871,973</u>	<u>\$4,183,659</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 \$219,010 and \$(342,986) of unrealized gains/losses on the above investments at December 31, 2016 and 2015, respectively. Investment fees and bank charges were \$36,171 and \$35,780 during 2016 and 2015, respectively.

Note 4: RECEIVABLES

Receivables are comprised of the following:

	<u>2016</u>	<u>2015</u>
Contributions Receivable in Less than One Year	<u>\$1,052,632</u>	<u>\$2,119,456</u>
Total	<u>\$1,052,632</u>	<u>\$2,119,456</u>

HIMALAYAN CATARACT PROJECT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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. On December 22, 2016, the Board Chairman and the Finance/Investment Committee Chair authorized a 2016 grant to Tilganga/Nepal Eye Program in the amount of \$281,583, thereby forgiving the 2014 land loan, for the purpose of enhancing the FHF IOL laboratory at Tilganga (or to apply to other programmatic priorities).

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:

	2016					
	Balance 01/01/16	Additions	Deletions	Balance 12/31/16	Accumulated Depreciation 12/31/16	Net Property, Plant and Equipment 12/31/16
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>22,257</u>	<u>2,473</u>
Total	<u>\$ 38,129</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 38,129</u>	<u>\$ 35,656</u>	<u>\$ 2,473</u>



HIMALAYAN CATARACT PROJECT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

Note 7:  
(Cont'd)

	2015					
	<u>Balance</u> <u>01/01/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/15</u>	<u>Accumulated</u> <u>Depreciation</u> <u>12/31/15</u>	<u>Net</u> <u>Property,</u> <u>Plant and</u> <u>Equipment</u> <u>12/31/15</u>
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>

Note 8: DEFERRED REVENUE

Deferred Revenue consists of the following at December 31, 2016:

Tilganga Institute of Ophthalmology/Yangon Eye Hospital	\$182,110
Yangon Eye Hospital Support	140,425
Komfo Anokye Teaching Hospital Support	<u>420</u>
Total	<u>\$322,955</u>

Note 9: DESIGNATED NET ASSETS

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

<u>Fund</u>	<u>Purpose</u>	<u>2016</u>	<u>2015</u>
Endowment Fund	To Ultimately Support Administrative and Unusual Expenses	\$3,370,165	\$2,918,105
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	237,221	279,431

HIMALAYAN CATARACT PROJECT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

Note 9:  
(Cont'd)

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>\$5,164,754</u>	<u>\$4,754,904</u>

Note 10: ENDOWMENT FUND

The Organization's Endowment Fund consists of the following:

	<u>2016</u>	<u>2015</u>
Board Designated Net Assets	<u>\$3,370,165</u>	<u>\$2,918,105</u>
Total Endowment Fund	<u>\$3,370,165</u>	<u>\$2,918,105</u>

The assets were held as follows:

	<u>2016</u>	<u>2015</u>
Cash/Money Accounts	\$ 680,539	\$ 595,894
Mutual Funds	294,555	209,587
Government Bonds	310,552	309,542
Equities	1,885,260	1,801,063
Accrued Interest	<u>199,259</u>	<u>2,019</u>
Total	<u>\$3,370,165</u>	<u>\$2,918,105</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 and equities and other investments at Merrill Lynch in 2016 and 2015.

HIMALAYAN CATARACT PROJECT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

Note 10:  
(Cont'd)

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, 2016 and 2015, respectively.

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

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Board Designated Endowment Funds	\$ 3,370,165	\$ 0	\$ 0	\$ 3,370,165
Total Funds	\$ 3,370,165	\$ 0	\$ 0	\$ 3,370,165
	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board Designated Endowment Funds	\$ 2,918,105	\$ 0	\$ 0	\$ 2,918,105
Total Funds	\$ 2,918,105	\$ 0	\$ 0	\$ 2,918,105

HIMALAYAN CATARACT PROJECT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

Note 10:  
(Cont'd)

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

	<u>2016</u>	<u>2015</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
Endowment Net Assets		
Beginning of Year	\$ <u>2,918,105</u>	\$ <u>3,163,692</u>
Investment Return:		
Investment Income	36,383	49,854
Net Appreciation/(Depreciation) - (Realized and Unrealized)	418,618	(266,161)
Investment Expense - Current Year	<u>(2,941)</u>	<u>(29,280)</u>
Total Investment Return/(Loss)	<u>452,060</u>	<u>(245,587)</u>
Endowment Net Assets		
End of Year	\$ <u>3,370,165</u>	\$ <u>2,918,105</u>

Note 11:      TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Cataract Surgeries	\$ 0	\$ 11,000
Tibet	0	2,500
Ethiopia	23,876	50,000
Ethiopian Trainee	0	2,000
Nepal Relief	24,906	36,739
Nepal	38,581	0
PAHS – Patan Hospital in Nepal	2,000	2,000
TIO Staff Fund	0	1,000
Lavelle Fund for the Blind	135,781	141,466
Eye Camps	19,760	0
Outreach	8,950	0
ASCRS Partnership	25,800	37,500
Freeman Fellows	50,000	50,000
Training Fund	435	435
Tilganga Staff Fund	0	2,000
Indonesia	<u>0</u>	<u>20,450</u>
Total	<u>\$330,089</u>	<u>\$357,090</u>

HIMALAYAN CATARACT PROJECT, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2016 AND 2015

Note 12: NET ASSETS RELEASED FROM RESTRICTIONS

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

	<u>2016</u>	<u>2015</u>
Donor Imposed Restricted have been Fulfilled	\$ <u>228,168</u>	\$ <u>611,825</u>
Total Net Assets Released From Restrictions	\$ <u>228,168</u>	\$ <u>611,825</u>

Note 13: LEASES

The Organization leases space in Waterbury, Vermont. The lease is from August 1, 2015 to May 31, 2018. Monthly rental expense was \$725. Rental expense was \$8,700 for 2016 and \$6,075 for 2015.

The Organization leases office space in Norwich, Vermont. The lease is from January 1, 2016 to December 31, 2016, with the option for annual renewal. The lease was renewed. Monthly rental expense is \$750. Rental expense was \$9,000 for 2016 and 2015.

The Organization leases office space in Silver Spring, Maryland. The lease is from February 1, 2016 to January 31, 2018. Monthly rental expense is \$1,327. Rental expense was \$15,885 and 15,412 for 2016 and 2015.

Future minimum lease payments are as follows:

2017	24,624
2018	<u>3,625</u>
Total	<u>\$28,249</u>

HIMALAYAN CATARACT PROJECT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

Note 14: 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 \$211,399 and \$206,807 in 2016 and 2015, respectively.

Donated materials are also reflected as contributions in the Statement of Activities. The amount of donated materials are \$1,082,332 and \$1,121,701 of which \$312,924 and \$251,687 are in-kind cost sharing from project partners in 2016 and 2015, respectively.

Note 15: 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 16: SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through August 16, 2017, which is the date the financial statements were available to be issued.