

# **INTERNATIONAL EYE FOUNDATION, INC.**

## **AUDITED FINANCIAL STATEMENTS**

For the years ended June 30, 2015 and 2014

# **INTERNATIONAL EYE FOUNDATION, INC.**

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## **REPORT OF INDEPENDENT AUDITORS**

Board of Directors  
International Eye Foundation, Inc.  
Kensington, Maryland

We have audited the accompanying financial statements of International Eye Foundation, Inc. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 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.

### **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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Eye Foundation, Inc. as of June 30, 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.

ULY LLP

Columbia, Maryland  
October 14, 2015

**INTERNATIONAL EYE FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 288,805	\$ 131,009
Grants receivable	573,458	362,063
Other receivables	34,307	22,046
Inventory	29,659	21,839
Prepaid expense	2,369	11,088
Deposit	25,000	-
	<u>953,598</u>	<u>548,045</u>
Total current assets		
	<u>953,598</u>	<u>548,045</u>
INVESTMENTS	<u>1,503,221</u>	<u>1,603,089</u>
PROPERTY AND EQUIPMENT		
Land	156,163	156,163
Building	624,650	624,650
Furniture and equipment	18,048	18,048
Website development costs	9,288	-
Total	<u>808,149</u>	<u>798,861</u>
Less accumulated depreciation and amortization	<u>229,555</u>	<u>209,876</u>
	<u>578,594</u>	<u>588,985</u>
Net property and equipment		
	<u>578,594</u>	<u>588,985</u>
OTHER ASSET - Loan refinancing costs	<u>7,785</u>	<u>5,497</u>
	<u>\$ 3,043,198</u>	<u>\$ 2,745,616</u>

	<u>2015</u>	<u>2014</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 134,071	\$ 151,821
Accrued expenses	28,200	26,066
Mortgage payable, current portion	<u>21,388</u>	<u>19,826</u>
Total current liabilities	183,659	197,713
 MORTGAGE PAYABLE, net of current portion	 <u>245,536</u>	 <u>268,739</u>
Total liabilities	<u>429,195</u>	<u>466,452</u>
 <b>NET ASSETS</b>		
Unrestricted	898,760	945,789
Temporarily restricted	1,283,608	901,740
Permanently restricted	<u>431,635</u>	<u>431,635</u>
Total net assets	<u>2,614,003</u>	<u>2,279,164</u>
	 <u><u>\$ 3,043,198</u></u>	 <u><u>\$ 2,745,616</u></u>

**INTERNATIONAL EYE FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
For the years ended June 30, 2015 and 2014

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenue</b>				
Contributions	\$ 625,203	\$ -	\$ -	\$ 625,203
Non-governmental grants	10,000	728,978	-	738,978
Donated medical supplies	5,010,750	-	-	5,010,750
Government grants	87,561	-	-	87,561
Indirect public support	14,595	-	-	14,595
Special event revenues	16,408	-	-	16,408
Investment income	7,055	14,441	-	21,496
Program service fees and equipment sales	273,182	-	-	273,182
Miscellaneous revenue	-	-	-	-
Loss on disposal of asset	-	-	-	-
Net assets released from restrictions	361,551	(361,551)	-	-
Total support and revenue	6,406,305	381,868	-	6,788,173
<b>Expenses</b>				
Program services:				
Operational programs	800,422	-	-	800,422
Donated medical supplies	5,011,688	-	-	5,011,688
Total program services	5,812,110	-	-	5,812,110
Supporting services:				
Fundraising	288,076	-	-	288,076
Management and general	353,148	-	-	353,148
Total supporting services	641,224	-	-	641,224
Total expenses	6,453,334	-	-	6,453,334
<b>Change in net assets</b>	(47,029)	381,868	-	334,839
<b>Net Assets, Beginning</b>	945,789	901,740	431,635	2,279,164
<b>Net Assets, Ending</b>	\$ 898,760	\$ 1,283,608	\$ 431,635	\$ 2,614,003

See notes to financial statements.

2014			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 509,125	\$ -	\$ -	\$ 509,125
33,727	15,000	-	48,727
4,792,845	-	-	4,792,845
94,951	-	-	94,951
19,227	-	-	19,227
17,253	-	-	17,253
74,414	145,129	-	219,543
336,654	-	-	336,654
7,260	-	-	7,260
(2,215)	-	-	(2,215)
298,069	(298,069)	-	-
6,181,310	(137,940)	-	6,043,370
773,274	-	-	773,274
4,793,445	-	-	4,793,445
5,566,719	-	-	5,566,719
286,401	-	-	286,401
372,542	-	-	372,542
658,943	-	-	658,943
6,225,662	-	-	6,225,662
(44,352)	(137,940)	-	(182,292)
990,141	1,039,680	431,635	2,461,456
\$ 945,789	\$ 901,740	\$ 431,635	\$ 2,279,164



**INTERNATIONAL EYE FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2015

	<b>PROGRAM SERVICES</b>		
	<b>Operational Programs</b>	<b>Donated Medical Supplies</b>	<b>Total Program Services</b>
Salaries	\$ 219,888	\$ -	\$ 219,888
Insurance benefits	40,606	-	40,606
Other benefits	-	-	-
Consultants	9,365	-	9,365
Registration, dues and fees	454	-	454
Interest expense	-	-	-
Medical equipment	40,954	5,011,688	5,052,642
Medical supplies	189,509	-	189,509
Office supplies	1,361	-	1,361
Postage	-	-	-
Printing	-	-	-
Office rent	-	-	-
Shipping and storage	8,197	-	8,197
Telephone	25	-	25
Travel and per diem	88,975	-	88,975
Miscellaneous	1,109	-	1,109
Training	23,997	-	23,997
Depreciation and amortization	-	-	-
Subgrants	143,934	-	143,934
Other insurance	-	-	-
Indirect allocation	32,048	-	32,048
	<u>\$ 800,422</u>	<u>\$ 5,011,688</u>	<u>\$ 5,812,110</u>
Total expenses	<u>\$ 800,422</u>	<u>\$ 5,011,688</u>	<u>\$ 5,812,110</u>

See notes to financial statements.

**SUPPORTING SERVICES**

<b>Fund- Raising</b>	<b>Management and General</b>	<b>Total Supporting Services</b>	<b>Total Expenses</b>
\$ 21,727	\$ 222,487	\$ 244,214	\$ 464,102
4,008	40,454	44,462	85,068
-	-	-	-
-	-	-	9,365
91,395	62,985	154,380	154,834
-	14,485	14,485	14,485
-	-	-	5,052,642
-	-	-	189,509
28,072	2,154	30,226	31,587
91,600	2,062	93,662	93,662
41,441	4,383	45,824	45,824
-	5,816	5,816	5,816
-	217	217	8,414
-	5,459	5,459	5,484
495	1,753	2,248	91,223
9,338	1,640	10,978	12,087
-	-	-	23,997
-	19,679	19,679	19,679
-	-	-	143,934
-	1,622	1,622	1,622
-	(32,048)	(32,048)	-
<b>\$ 288,076</b>	<b>\$ 353,148</b>	<b>\$ 641,224</b>	<b>\$ 6,453,334</b>

**INTERNATIONAL EYE FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2014

	<b>PROGRAM SERVICES</b>		
	<b>Operational Programs</b>	<b>Donated Medical Supplies</b>	<b>Total Program Services</b>
Salaries	\$ 222,274	\$ -	\$ 222,274
Insurance benefits	39,687	-	39,687
Other benefits	3,000	-	3,000
Consultants	1,875	-	1,875
Registration, dues and fees	2,370	-	2,370
Interest expense	-	-	-
Medical equipment	199,200	-	199,200
Medical supplies	47,192	4,793,445	4,840,637
Office supplies	674	-	674
Postage	-	-	-
Printing	-	-	-
Office rent	-	-	-
Shipping and storage	13,146	-	13,146
Telephone	50	-	50
Travel and per diem	119,736	-	119,736
Miscellaneous	2,850	-	2,850
Training	18,972	-	18,972
Depreciation and amortization	-	-	-
Subgrants	74,567	-	74,567
Other insurance	-	-	-
Indirect allocation	27,681	-	27,681
	<u>\$ 773,274</u>	<u>\$ 4,793,445</u>	<u>\$ 5,566,719</u>
Total expenses	<u>\$ 773,274</u>	<u>\$ 4,793,445</u>	<u>\$ 5,566,719</u>

<b>SUPPORTING SERVICES</b>			
<b>Fund- Raising</b>	<b>Management and General</b>	<b>Total Supporting Services</b>	<b>Total Expenses</b>
\$ 20,162	\$ 223,732	\$ 243,894	\$ 466,168
3,674	38,947	42,621	82,308
-	-	-	3,000
-	-	-	1,875
85,336	73,023	158,359	160,729
-	17,421	17,421	17,421
-	-	-	199,200
-	-	-	4,840,637
27,933	2,218	30,151	30,825
95,365	2,914	98,279	98,279
45,242	3,805	49,047	49,047
-	4,994	4,994	4,994
-	-	-	13,146
-	4,868	4,868	4,918
495	5,410	5,905	125,641
8,194	2,187	10,381	13,231
-	-	-	18,972
-	18,630	18,630	18,630
-	-	-	74,567
-	2,074	2,074	2,074
-	(27,681)	(27,681)	-
<u>\$ 286,401</u>	<u>\$ 372,542</u>	<u>\$ 658,943</u>	<u>\$ 6,225,662</u>

**INTERNATIONAL EYE FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 334,839	\$ (182,292)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation and amortization	20,171	18,630
Realized gain on sale of investments	(74,456)	(85,458)
Unrealized loss (gain) on investments	113,755	(101,506)
Loss on disposal of asset	-	2,215
Net change in:		
Grants receivable	(211,395)	151,680
Other receivables	(12,261)	10,928
Inventory	(7,820)	7,627
Prepaid expense	8,719	(6,685)
Deposit	(25,000)	-
Accounts payable	(17,750)	25,108
Accrued expenses	2,134	(3,353)
	<u>130,936</u>	<u>(163,106)</u>
Net cash provided (used) by operating activities		
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(453,823)	(370,637)
Proceeds from sales of investments	514,392	438,647
Loan costs	(2,780)	-
Purchase of property and equipment	(9,288)	-
	<u>48,501</u>	<u>68,010</u>
Net cash provided by investing activities		
<b>Cash Flows from Financing Activities</b>		
Repayment of mortgage payable	(21,641)	(18,706)
	<u>157,796</u>	<u>(113,802)</u>
<b>Net Change in Cash and Cash Equivalents</b>		
	<u>131,009</u>	<u>244,811</u>
<b>Cash and Cash Equivalents, Beginning</b>		
	<u>\$ 288,805</u>	<u>\$ 131,009</u>
<b>Cash and Cash Equivalents, Ending</b>		
	<u>\$ 14,485</u>	<u>\$ 17,421</u>
Supplemental Cash Flow Information:		
Interest paid	<u>\$ 14,485</u>	<u>\$ 17,421</u>

See notes to financial statements.

**INTERNATIONAL EYE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2015 and 2014**

**NOTE 1 - DESCRIPTION OF ORGANIZATION**

The International Eye Foundation, Inc. (the Foundation) is a nonprofit organization whose purpose is to support and assist with the prevention and cure of blindness throughout the world, and to promote peace and goodwill through its efforts. Revenue is generated primarily through contributions, private and governmental grants and sales of medical supplies by SightReach Surgical, which is a social interest program of the Foundation that serves the eye care community in the developing world.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Foundation are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

Under accounting principles generally accepted in the United States of America, the Foundation is required to report 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.

*Unrestricted net assets* - Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

*Temporarily restricted net assets* - Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as in future periods or use for specified purposes.

*Permanently restricted net assets* - Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Foundation's actions.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on deposit and overnight repurchase agreements. At times, these balances may exceed federal insurance limits; however, the Foundation has not experienced any losses with respect to the balances in excess of federally insured amounts. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2015 and 2014.

**INTERNATIONAL EYE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2015 and 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Grants and Other Receivables**

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management believes that receivables are fully collectible and no allowance for doubtful accounts is considered necessary at June 30, 2015 and 2014. Management believes the risk of incurring material losses related to grants and accounts receivable is remote. All accounts receivable are unsecured.

**Inventory**

Inventory consists of medical supplies that have been purchased by the Foundation to be sold overseas and medical supplies that have been donated for use in overseas programs. Purchased inventory is valued at its average cost. Donated inventory is valued at its fair market value at the date of donation.

**Investments**

Investments consist of cash and cash equivalents, equities, government securities and mutual funds and are recorded at fair market value based on quoted market prices. The effects of changes in the fair market value of these investments are reflected in the Statements of Activities as investment income. Investment securities in general are exposed to various risks, such as interest rate risk, financial market risk and credit risk.

Investments of marketable securities are included in these statements at fair values that were in effect as of the date of the Statements of Financial Position, which may differ from the amount ultimately realized at the time of sale. This difference may be material.

**Property and Equipment**

Property and equipment is recorded at cost if purchased, or at fair value if donated. The Foundation capitalizes property and equipment purchases over \$1,000 with an estimated useful life greater than one year. Depreciation of property and equipment is provided using the straight-line method over the assets' estimated useful lives ranging from ten to thirty-nine years. Website development costs which represent amounts related to development of the Foundation's website are amortized using the straight-line method over the estimated useful life of the asset. Depreciation and amortization expense for property and equipment was \$19,679 and \$18,138 for the years ended June 30, 2015 and 2014, respectively.

**Fair Value Measurements**

- *Level 1 inputs:* Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date (e. g., equity securities traded on the New York Stock Exchange)

**INTERNATIONAL EYE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2015 and 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- *Level 2 inputs:* Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e. g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).
- *Level 3 inputs:* Level 3 inputs are unobservable (e. g., a company's own data) and should be used to measure fair value to the extent that observable inputs are not available.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of the unobservable inputs. For the years ended June 30, 2015 and 2014 there are no assets or liabilities measured using Level 3 inputs.

**Grants and Contributions**

Gifts of cash and other assets are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified in the Statements of Activities as net assets released from restriction. Income on these net assets is classified as temporarily restricted or unrestricted in accordance with the donor's stipulation. Temporarily restricted grants and contributions are recorded as unrestricted if the restriction is satisfied in the same year as the grant or contribution is received.

**SightReach Surgical Sales**

The Foundation sells new, high-quality ophthalmic medical and surgical supplies to overseas organizations at reduced rates in order to make eye care and surgery affordable to those in need. Revenue from SightReach Surgical sales is recorded when the supplies are shipped. Sales amounted to \$206,604 and \$295,893 for the years ended June 30, 2015 and 2014, respectively and are included in program service fees and equipment sales in the Statements of Activities.

**Foreign Currency Translation**

Revenues and expenses of the Foundation's foreign operations are translated at the applicable exchange rates on the transaction dates.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



**INTERNATIONAL EYE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2015 and 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassification**

Certain reclassifications have been made to the June 30, 2014 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**NOTE 3 - CONCENTRATION OF CREDIT RISK**

The Foundation invests in a professionally managed portfolio that contains equities, bonds, mortgage and asset-backed securities, equity and bond mutual funds and money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

**NOTE 4 - FAIR VALUE MEASUREMENTS AND INVESTMENTS**

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the years ended June 30, 2015 and 2014, using quoted prices in active markets for identical assets (Level 1); quoted prices in markets that are not active or for significant other observable inputs (Level 2);

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
<u>June 30, 2015</u>			
Cash and cash equivalents	\$ 27,291	\$ 27,291	\$ -
Equity securities	562,435	562,435	-
Government securities	89,091	62,847	26,244
Mutual funds - equity	509,308	509,308	-
Mutual funds - fixed income	315,096	315,096	-
	<u>\$ 1,503,221</u>	<u>\$ 1,476,977</u>	<u>\$ 26,244</u>

**INTERNATIONAL EYE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2015 and 2014

**NOTE 4 - FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)**

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
<u>June 30, 2014</u>			
Cash and cash equivalents	\$ 24,004	\$ 24,004	\$ -
Equity securities	598,830	598,830	-
Government securities	98,154	69,885	28,269
Mutual funds - equity	608,472	608,472	-
Mutual funds - fixed income	<u>273,629</u>	<u>273,629</u>	<u>-</u>
	<u>\$ 1,603,089</u>	<u>\$ 1,574,820</u>	<u>\$ 28,269</u>

An investment could be considered impaired if its fair value is less than its cost basis. Management feels that all of the investment portfolio unrealized losses are temporary and no significant losses other than those already recorded will be recognized on these investments.

Investment income consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 60,795	\$ 32,579
Net realized gain on sales of investments	74,456	85,458
Net unrealized gain (loss) on investments	<u>(113,755)</u>	<u>101,506</u>
	<u>\$ 21,496</u>	<u>\$ 219,543</u>

Investment revenues are reported net of related investment expenses in the Statements of Activities. The amount of expenses netted with revenues was \$20,314 and \$20,191 for the years ended June 30, 2015 and 2014, respectively.

**NOTE 5 - LOAN REFINANCE COSTS**

Loan refinance costs totaling \$10,163 and \$7,383 at June 30, 2015 and 2014, respectively, are being amortized on the straight-line basis over the life of the related loan (15 years). Accumulated amortization totaled \$2,378 and \$1,886 at June 30, 2015 and 2014, respectively. Amortization expense totaled \$492 for the years ended June 30, 2015 and 2014.

**NOTE 6 - MORTGAGE PAYABLE**

The Foundation has a mortgage for \$360,000 bearing an interest rate of 5.75% per annum and calling for monthly payments of \$3,010 through October 2025. On December 30, 2014 the terms were amended, reducing the interest rate to 4.2% and the monthly payments to \$2,683. The note is secured by a deed of trust, assignment of leases and rents, and a security agreement on the Foundation's building. Interest expense totaled \$14,485 and \$17,421 for the years ended June 30, 2015 and 2014, respectively.

**INTERNATIONAL EYE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2015 and 2014

**NOTE 6 - MORTGAGE PAYABLE (Continued)**

Scheduled annual principal payments related to the mortgage note are as follows:

2016	\$ 21,388
2017	22,304
2018	23,259
2019	24,255
2020	25,294
Thereafter	<u>150,424</u>
Total	<u>\$ 266,924</u>

**NOTE 7 - RESTRICTIONS AND DESIGNATIONS OF NET ASSETS**

Net assets consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Unrestricted net assets:		
Undesignated	\$ 520,851	\$ 467,913
Board designated – John Harry King Endowment Fund	<u>377,909</u>	<u>477,876</u>
	<u>898,760</u>	<u>945,789</u>
Temporarily restricted net assets:		
Global Sight Initiative/mentoring	30,844	39,480
Lavelle Fund	569,886	33,454
Alcon Foundation	89,953	29,110
Connecticut Community Fund	7,117	14,285
Lions Clubs	114,409	309,317
Carrigan Fund - Latin America Program	<u>471,399</u>	<u>476,094</u>
	<u>1,283,608</u>	<u>901,740</u>
Permanently restricted net assets:		
Beach Fund	32,100	32,100
Carrigan Fund - Latin America Program	<u>399,535</u>	<u>399,535</u>
	<u>431,635</u>	<u>431,635</u>
	<u>\$ 2,614,003</u>	<u>\$ 2,279,164</u>

The John Harry King Endowment Fund consists of board designated investments that may be spent on any board approved expenditure, including operating expenses.

**INTERNATIONAL EYE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2015 and 2014**

**NOTE 7 - RESTRICTIONS AND DESIGNATIONS OF NET ASSETS (Continued)**

Permanently restricted net assets consist of investments to be held indefinitely. The investment earnings from the Beach Fund are unrestricted. The investment earnings from the Carrigan Endowment must be used to support the Latin America programs for sight restoration.

**Endowment Funds**

The State of Maryland enacted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), the provisions of which apply to organizations with endowment funds existing on or established after the date of enactment.

The Foundation also follows accounting standards generally accepted in the United States of America related to *Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. Based on the Foundation's interpretation of UPMIFA, management has reviewed all of the Foundation's permanently restricted net assets and has determined that they meet the definition of endowment funds. In addition, the Foundation's practice of classifying the earnings from these funds as temporarily restricted net assets until appropriated for expenditure is consistent with the requirements under these standards.

The Foundation's endowment consists of three funds established for different purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

**INTERNATIONAL EYE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2015 and 2014

**NOTE 7 - RESTRICTIONS AND DESIGNATIONS OF NET ASSETS (Continued)**

**Investment Return Objectives, Risk Parameters and Strategies**

The Foundation has adopted an investment policy, approved by the Board of Directors, for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of these endowment assets over the long term. Endowment assets are invested in a well-diversified asset mix, which includes equity and fixed income securities that are intended to result in a consistent inflation protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the fund if possible. Accordingly, the Foundation expects its endowment assets, over time, to achieve a total annual return of 3% to 5%, net of fees and expenses, with minimal downside risk over the long term. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

**Spending Policy**

The Foundation has established a spending policy that considers the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, two of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The policy allows for distribution of 4% of the moving average market value of the endowment funds as of June 30th for the current and prior two fiscal years. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Thus, over the long term, the Foundation expects the current spending policy to allow its endowment fund to grow modestly while generating a predictable stream of spendable income.

**Endowment Funds**

Endowment net asset composition by type of fund as of June 30, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 471,399	\$ 431,635	\$ 903,034
Board-designated endowment funds	<u>377,909</u>	<u>-</u>	<u>-</u>	<u>377,909</u>
	<u>\$ 377,909</u>	<u>\$ 471,399</u>	<u>\$ 431,635</u>	<u>\$ 1,280,943</u>

Endowment net asset composition by type of fund as of June 30, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 476,094	\$ 431,635	\$ 907,729
Board-designated endowment funds	<u>477,876</u>	<u>-</u>	<u>-</u>	<u>477,876</u>
	<u>\$ 477,876</u>	<u>\$ 476,094</u>	<u>\$ 431,635</u>	<u>\$ 1,385,605</u>

**INTERNATIONAL EYE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2015 and 2014

**NOTE 7 - RESTRICTIONS AND DESIGNATIONS OF NET ASSETS (Continued)**

Changes in endowment net assets for the years ended June 30:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2013	\$ 503,339	\$ 371,986	\$ 431,635	\$ 1,306,960
Investment return:				
Net appreciation	55,733	123,809	-	179,542
Investment income	<u>9,597</u>	<u>21,319</u>	<u>-</u>	<u>30,916</u>
	<u>65,330</u>	<u>145,128</u>	<u>-</u>	<u>210,458</u>
Appropriation of endowment assets for expenditure	<u>(90,793)</u>	<u>(41,020)</u>	<u>-</u>	<u>(131,813)</u>
Endowment net assets, June 30, 2014	477,876	476,094	431,635	1,385,605
Investment return:				
Net appreciation	(9,880)	(27,756)	-	(37,636)
Investment income	<u>15,020</u>	<u>42,197</u>	<u>-</u>	<u>57,217</u>
	<u>5,140</u>	<u>14,441</u>	<u>-</u>	<u>19,581</u>
Appropriation of endowment assets for expenditure	<u>(105,107)</u>	<u>(19,136)</u>	<u>-</u>	<u>(124,243)</u>
Endowment net assets, June 30, 2015	<u>\$ 377,909</u>	<u>\$ 471,399</u>	<u>\$ 431,635</u>	<u>\$ 1,280,943</u>

**NOTE 8 - SPECIAL EVENTS**

The Foundation conducts fundraising activities, including special social and educational events in which the attendees receive a direct benefit. The revenue and expenses from special events consist of the following for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Revenue	\$ 16,408	\$ 17,253
Less direct benefit costs	<u>(5,742)</u>	<u>(2,555)</u>
Net support from special events	<u>\$ 10,666</u>	<u>\$ 14,698</u>

**INTERNATIONAL EYE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2015 and 2014**

**NOTE 9 - DONATED GOODS AND SERVICES**

The Foundation receives donated medical supplies that are used in various eye care programs. The donated supplies are reflected as inventory and revenue at their estimated market value on the date of donation. When the supplies are shipped to the program locations, their recorded market value is relieved from inventory and included in donated medical supplies expense on the Statements of Activities. Donated medical supplies received for the years ended June 30, 2015 and 2014 were \$5,010,750 and \$4,792,845, respectively.

The Foundation also received donated legal services of \$18,750 and \$31,250, which is included in registration, dues and fees in the Statements of Functional Expenses, during the years ended June 30, 2015 and 2014, respectively.

**NOTE 10 - RETIREMENT PLAN**

The Foundation sponsors a group annuity retirement plan to provide benefit payments for employees who have met certain eligibility requirements as described in the Plan. The Plan is funded entirely by employer contributions. Contributions to the Plan are discretionary and are determined by the board of directors each year. Retirement plan expense totaled \$-0- for the years ended June 30, 2015 and 2014. The Foundation also offers a tax deferred annuity plan (TDA) to which employees can make contributions. The Foundation cannot contribute to the TDA Plan.

**NOTE 11 - INCOME TAXES**

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Foundation qualify for a charitable contribution deduction. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Foundation had no net unrelated business income for the years ended June 30, 2015 and 2014.

The income tax positions taken by the Foundation for any year open under the various statutes of limitations are that the Foundation continues to be exempt from income taxes and that the Foundation has properly reported unrelated business income that is subject to income taxes. The Foundation believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax benefits within 12 months of the reporting date. None of the Foundation's income tax returns are currently under examination. However, fiscal years 2012 and later remain subject to examination by the IRS and state authorities.

**NOTE 12 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 14, 2015, which is the date the financial statements are available to be issued.

**REPORT OF INDEPENDENT AUDITORS  
ON SUPPLEMENTARY INFORMATION**

Board of Directors  
International Eye Foundation, Inc.  
Kensington, Maryland

We have audited the financial statements of the International Eye Foundation, Inc. as of and for the years ended June 30, 2015 and 2014, and our report thereon dated October 14, 2015, which expressed an unmodified opinion on those financial statements appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 23 through 26 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**UHY** LLP

Columbia, Maryland  
October 14, 2015



**INTERNATIONAL EYE FOUNDATION**  
**SCHEDULES OF PROGRAM SERVICES EXPENSES**  
For the years ended June 30, 2015 and 2014

	2015			
	Location			
	Latin America	Africa	Other	Total
Salaries	\$ 76,919	\$ 1,335	\$ 141,634	\$ 219,888
Insurance benefits	14,220	246	26,139	40,605
Other benefits	-	-	-	-
Consultants	9,365	-	-	9,365
Registration, dues and fees	-	-	454	454
Medical equipment	26,758	-	162,751	189,509
Medical supplies	30,784	5,010,750	11,108	5,052,642
Office supplies	67	-	1,295	1,362
Postage	-	-	-	-
Shipping and storage	2,649	-	5,548	8,197
Telephone	-	-	25	25
Travel and per diem	68,148	520	20,307	88,975
Miscellaneous	390	40	679	1,109
Training	23,997	-	-	23,997
Subgrants	64,047	50,000	29,887	143,934
Indirect allocation	4,155	-	27,893	32,048
	<u>\$ 321,499</u>	<u>\$ 5,062,891</u>	<u>\$ 427,720</u>	<u>\$ 5,812,110</u>

2014				
Location				
Latin America		Africa		Other
				Total
\$	79,293	\$	96	\$ 142,885
	13,580		19	26,088
	-		3,000	-
	1,875		-	-
	1,094		-	1,276
	-		-	199,200
	27,374		4,777,500	35,763
	492		-	182
	-		-	-
	2,138		-	11,008
	50		-	-
	91,093		-	28,643
	305		-	2,545
	18,972		-	-
	74,567		-	-
	2,369		-	25,312
\$	313,202	\$	4,780,615	\$ 472,902
				\$ 5,566,719

**INTERNATIONAL EYE FOUNDATION**  
**SCHEDULE OF COMPUTATION OF OVERHEAD RATE**  
For the year ended June 30, 2015

	All Programs Total	Total Fundraising	Total Direct Expenses	Total Indirect Expenses	Total Unallowable Expenses	Total Expenses
Salaries	\$ 219,888	\$ 21,727	\$ 241,615	\$ 222,487	\$ -	\$ 464,102
Insurance benefits	40,606	4,008	44,614	40,454	-	85,068
Other benefits	-	-	-	-	-	-
Consultants	9,365	-	9,365	-	-	9,365
Registration, dues and fees	454	91,395	91,849	44,235	18,750	154,834
Interest expense	-	-	-	14,485	-	14,485
Medical equipment	40,954	-	40,954	-	5,011,688	5,052,642
Medical supplies	-	-	-	-	189,509	189,509
Office supplies	1,361	28,072	29,433	2,154	-	31,587
Postage	-	91,600	91,600	2,062	-	93,662
Printing	-	41,441	41,441	4,383	-	45,824
Office rent	-	-	-	5,816	-	5,816
Shipping and storage	8,197	-	8,197	217	-	8,414
Telephone	25	-	25	5,459	-	5,484
Travel and per diem	88,975	495	89,470	1,753	-	91,223
Miscellaneous	1,109	9,338	10,447	1,640	-	12,087
Training	23,997	-	23,997	-	-	23,997
Depreciation and amortization	-	-	-	19,679	-	19,679
Subgrants	143,934	-	143,934	-	-	143,934
Other insurance	-	-	-	1,622	-	1,622
	<u>\$ 578,865</u>	<u>\$ 288,076</u>	<u>\$ 866,941</u>	<u>\$ 366,446</u>	<u>\$ 5,219,947</u>	<u>\$ 6,453,334</u>
<u>Indirect expenses</u>	\$ 366,446					
<u>Direct expenses</u>	\$ 866,941	<u>42.27%</u>				

See report of independent auditors on supplementary information.

**INTERNATIONAL EYE FOUNDATION**  
**SCHEDULE OF COMPUTATION OF OVERHEAD RATE**  
For the year ended June 30, 2014

	<b>All Programs Total</b>	<b>Total Fundraising</b>	<b>Total Direct Expenses</b>	<b>Total Indirect Expenses</b>	<b>Total Unallowable Expenses</b>	<b>Total Expenses</b>
Salaries	\$ 222,274	\$ 20,162	\$ 242,436	\$ 223,732	\$ -	\$ 466,168
Insurance benefits	39,687	3,674	43,361	38,947	-	82,308
Other benefits	3,000	-	3,000	-	-	3,000
Consultants	1,875	-	1,875	-	-	1,875
Registration, dues and fees	2,370	85,336	87,706	41,773	31,250	160,729
Interest expense	-	-	-	17,421	-	17,421
Medical equipment	-	-	-	-	199,200	199,200
Medical supplies	47,192	-	47,192	-	4,793,445	4,840,637
Office supplies	674	27,933	28,607	2,218	-	30,825
Postage	-	95,365	95,365	2,914	-	98,279
Printing	-	45,242	45,242	3,805	-	49,047
Office rent	-	-	-	4,994	-	4,994
Shipping and storage	13,146	-	13,146	-	-	13,146
Telephone	50	-	50	4,868	-	4,918
Travel and per diem	119,736	495	120,231	5,410	-	125,641
Miscellaneous	2,850	8,193	11,043	2,188	-	13,231
Training	18,972	-	18,972	-	-	18,972
Depreciation and amortization	-	-	-	18,630	-	18,630
Subgrants	74,567	-	74,567	-	-	74,567
Other insurance	-	-	-	2,074	-	2,074
	<u>\$ 546,393</u>	<u>\$ 286,400</u>	<u>\$ 832,793</u>	<u>\$ 368,974</u>	<u>\$ 5,023,895</u>	<u>\$ 6,225,662</u>
<b>Indirect expenses</b>	<u>\$ 368,974</u>					
<b>Direct expenses</b>	<u>\$ 832,793</u>	<u>44.31%</u>				

See report of independent auditors on supplementary information.