

**SANKARA EYE  
FOUNDATION, USA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Sankara Eye Foundation, USA  
Milpitas, California

We have audited the accompanying financial statements of Sankara Eye Foundation, USA (the "Foundation"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of cash flows for the years then ended and the related statements of activities and functional expenses for the year ended December 31, 2015, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

The Foundation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Sankara Eye Foundation, USA as of December 31, 2015 and 2014, and its cash flows for the years then ended, and the changes in its net assets for the year ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

*Report on Summarized Comparative Information*

We have previously audited Sankara Eye Foundation, USA's 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 22, 2015. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Benson & Neff  
Certified Public Accountants,  
A Professional Corporation

San Francisco, California  
March 22, 2017

# Sankara Eye Foundation, USA

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 6,371,069	\$ 4,582,901
Prepaid expenses	<u>30,650</u>	<u>-</u>
	6,401,719	4,582,901
<b>MARKETABLE EQUITY SECURITIES</b> (Cost 2015, \$5,748; 2014, \$11,883)	6,037	12,431
<b>DEPOSIT</b>	3,240	2,400
<b>FIXED ASSETS</b>	<u>1,869</u>	<u>2,883</u>
	<u>\$ 6,412,865</u>	<u>\$ 4,600,615</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accrued expenses	\$ <u>66,385</u>	\$ <u>20,713</u>
	<u>66,385</u>	<u>20,713</u>
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	3,610,755	3,093,881
<b>TEMPORARILY RESTRICTED</b>	<u>2,735,725</u>	<u>1,486,021</u>
	<u>6,346,480</u>	<u>4,579,902</u>
	<u>\$ 6,412,865</u>	<u>\$ 4,600,615</u>

See Notes to Financial Statements

# Sankara Eye Foundation, USA

## STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2015, WITH COMPARATIVE TOTALS FOR 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	2014
<b>REVENUE, GAINS (LOSSES) AND OTHER SUPPORT:</b>				
Contributions	\$ 2,868,990	\$ 2,619,704	\$ 5,488,694	\$ 9,556,110
Special events, net of expenses of \$1,542,710	6,833	-	6,833	535,126
Investment income	3,741	-	3,741	1,949
Net realized gain (loss) on marketable equity securities	(104)	-	(104)	(454)
Net unrealized gain (loss) on marketable equity securities	(258)	-	(258)	1,728
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>				
Satisfaction of program restrictions	<u>1,370,000</u>	<u>(1,370,000)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>4,249,202</u>	<u>1,249,704</u>	<u>5,498,906</u>	<u>10,094,459</u>
<b>EXPENSES:</b>				
Capital projects	1,370,000	-	1,370,000	7,615,000
Cataract surgeries	1,592,750	-	1,592,750	1,166,750
General and administrative	368,669	-	368,669	427,538
Fundraising and promotion	<u>400,909</u>	<u>-</u>	<u>400,909</u>	<u>502,218</u>
Total expenses	<u>3,732,328</u>	<u>-</u>	<u>3,732,328</u>	<u>9,711,506</u>
<b>CHANGE IN NET ASSETS</b>	516,874	1,249,704	1,766,578	382,953
<b>NET ASSETS, beginning of year</b>	<u>3,093,881</u>	<u>1,486,021</u>	<u>4,579,902</u>	<u>4,196,949</u>
<b>NET ASSETS, end of year</b>	<u>\$ 3,610,755</u>	<u>\$ 2,735,725</u>	<u>\$ 6,346,480</u>	<u>\$ 4,579,902</u>

See Notes to Financial Statements

# Sankara Eye Foundation, USA

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2015, WITH COMPARATIVE TOTALS FOR 2014

	<u>PROGRAM SERVICES</u>		<u>SUPPORTING SERVICES</u>		<u>TOTAL</u>	<u>2014</u>
	<u>CAPITAL PROJECTS</u>	<u>CATARACT SURGERIES</u>	<u>GENERAL &amp; ADMINIS-TRATIVE</u>	<u>FUND RAISING</u>		
Grants	\$1,370,000	\$1,592,750	\$ -	\$ -	\$2,962,750	\$8,781,750
Salaries and related expenses	-	-	176,487	59,884	236,371	229,644
Advertising and promotion	-	-	-	268,472	268,472	341,320
Bank fees	-	-	72,937	-	72,937	52,094
Printing and publications	-	-	20,341	37,646	57,987	55,706
Building occupancy	-	-	37,036	4,115	41,151	42,733
Postage and shipping	-	-	4,538	21,268	25,806	28,169
Production and design	-	-	21,781	119	21,900	66,959
Professional fees	-	-	16,860	657	17,517	17,000
Other	-	-	8,696	4,500	13,196	26,192
Telecommunications	-	-	3,886	3,886	7,772	8,093
Insurance	-	-	2,892	-	2,892	7,552
Office supplies	-	-	2,204	362	2,566	19,648
Depreciation	-	-	1,011	-	1,011	1,440
Interest expense	-	-	-	-	-	23,713
Travel and meetings	-	-	-	-	-	9,493
	<u>\$1,370,000</u>	<u>\$1,592,750</u>	<u>\$ 368,669</u>	<u>\$ 400,909</u>	<u>\$3,732,328</u>	<u>\$9,711,506</u>

See Notes to Financial Statements

# Sankara Eye Foundation, USA

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,766,578	\$ 382,953
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,011	1,440
Contribution of securities	(12,914)	(23,946)
Proceeds from sale of contributed securities	18,948	18,661
Net loss on marketable equity securities	362	(1,274)
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	-	12,706
Prepaid expenses	(30,650)	-
Deposit	(840)	52,975
Decrease in:		
Accrued expenses	<u>45,673</u>	<u>(8,793)</u>
Net cash provided by operating activities	<u>1,788,168</u>	<u>434,722</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in restricted cash	-	700,081
Note payable	<u>-</u>	<u>(700,000)</u>
Net cash provided by financing activities	<u>-</u>	<u>81</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,788,168	434,803
<b>CASH, beginning of year</b>	<u>4,582,901</u>	<u>4,148,098</u>
<b>CASH, end of year</b>	<u>\$ 6,371,069</u>	<u>\$ 4,582,901</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash payments for:		
Interest	\$ -	\$ 23,713

See Notes to Financial Statements



# Sankara Eye Foundation, USA

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2015 AND 2014

### Note 1. NATURE OF FOUNDATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Foundation:

Sankara Eye Foundation, USA (Foundation) is a California nonprofit corporation that is engaged in fund raising and other activities to eradicate curable blindness by supporting delivery organizations that build eye care hospitals and provide free eye surgeries to the rural poor in India. During the years ended December 31, 2015 and 2014, grants of \$2,961,000 and \$8,655,000, respectively, were made to Sri Kanchi Kamakoti Medical Trust.

#### Significant Accounting Policies:

##### Basis of Presentation:

The financial statement presentation follows the recommendations of the FASB ASC 958-205, Presentation of Financial Statements of Not-for-Profit Entities. Under ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

##### Accrual Basis:

The financial statements have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables and payables, other liabilities and prepaid expenses.

##### Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

##### Contributions Receivable:

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional.

The Foundation uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

##### Marketable Equity Securities:

Marketable equity securities are carried at fair value, and unrealized gains and losses are reported in the statement of activities. Fair values are based on quoted market prices for those or similar investments.

# Sankara Eye Foundation, USA

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2015 AND 2014

### Note 1. NATURE OF FOUNDATION AND SIGNIFICANT ACCOUNTING POLICIES (cont.)

#### Significant Accounting Policies (continued):

##### Fixed Assets and Depreciation:

All fixed asset expenditures greater than \$1,000 are capitalized and recorded at cost. Depreciation and amortization are computed on the straight-line method. Furniture and fixtures are depreciated over 7 years.

##### Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. Contributions of cash and other assets are reported as temporarily 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 to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

##### Donated Services:

No amounts have been recognized in the financial statements for donated services since these services do not meet the criteria for recognition as contributed services.

##### Advertising and Promotion:

Advertising and promotion costs are expensed as incurred.

##### Income Taxes:

The Foundation is exempt from income tax under provisions of Section 501(c)(3) of the Internal Revenue Code and the applicable provisions of the California Revenue and Taxation Code.

The Foundation has adopted the provisions related to accounting for uncertainty in income taxes, which defines a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Foundation's management has considered its tax positions and believes that all of the positions taken by the Foundation in its federal and state tax returns are more likely than not to be sustained upon examination.

##### Functional Allocation of Expenses:

Expenses are allocated into functional categories depending on the ultimate purpose of the expenditure. Expenses have been summarized in the accompanying statement of functional expenses as follows:

*Program services* include funds transmitted to Sri Kanchi Kamakoti Medical Trust for cataract surgeries and capital projects, consisting primarily of the construction of eye care facilities.

# Sankara Eye Foundation, USA

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2015 AND 2014

### Note 1. NATURE OF FOUNDATION AND SIGNIFICANT ACCOUNTING POLICIES (cont.)

Functional Allocation of Expenses: (cont.)

*Supporting services* include expenses that are indirectly related to a specific program service in the accomplishment of the Foundation's tax exempt purposes.

### Note 2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2015 and 2014 consist of contributions received for the purpose of building eye care facilities in India. During the year ended December 31, 2015, the Foundation received \$2,619,704 and spent \$1,370,000 for this purpose. During the year ended December 31, 2014, the Foundation received \$7,065,596 and spent \$7,615,000 for this purpose.

### Note 3. COMPARATIVE AMOUNTS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

### Note 4. CONCENTRATION OF CREDIT RISK

The Foundation maintains cash in various bank deposit accounts which at times, may exceed federally insured limits. The Foundation believes it is not exposed to any significant credit risk with respect to these accounts.

### Note 5. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs are from other than quoted market prices included in Level 1 that are observable, either directly or indirectly, and Level 3 inputs are unobservable and have the lowest priority. The following table provides further details of the fair value measurements of the investments as of December 31, 2015 and 2014:

	<b>Fair Value Measurements Using:</b>	
<b><u>December 31, 2015</u></b>	<b><u>Fair Value</u></b>	<b><u>(Level 1)</u></b>
Common stocks	\$ <u>6,037</u>	\$ <u>6,037</u>
<b><u>December 31, 2014</u></b>		
Common stocks	\$ <u>12,431</u>	\$ <u>12,431</u>

# Sankara Eye Foundation, USA

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2015 AND 2014

### Note 6. FIXED ASSETS

	<u>2015</u>	<u>2014</u>
Equipment and furniture	\$ 11,060	\$ 11,060
Depreciation	<u>(9,190)</u>	<u>(8,177)</u>
	<u>\$ 1,870</u>	<u>\$ 2,883</u>

### Note 7. NOTE PAYABLE

On December 18, 2013, the Foundation's officers signed a note payable with a financial institution for \$700,000. The note bears 4.5% annual interest, which is paid quarterly starting March 31, 2014, and the principal along with the final interest payment is due December 31, 2016. The note was secured by a money market account (restricted cash) until it was paid in full in September 2014.

### Note 8. ADVERTISING EXPENSE

Advertising expense was \$268,472 and \$341,320 for 2015 and 2014, respectively.

### Note 9. LEASE EXPENSE AND LEASE COMMITMENTS

The Foundation's existing office lease was amended in September 2013 and expires on December 31, 2018. Lease expense for the years ended December 31, 2015 and 2014 was \$41,151 and \$42,734, respectively. Future minimum lease payments are as follows:

2016	\$ 44,178
2017	45,372
2018	<u>46,566</u>
	<u>\$ 136,116</u>

### Note 10. SUBSEQUENT EVENTS

Management has evaluated and reviewed subsequent events that would impact the financial statements for the year ended December 31, 2015 through the issuance date of the financial statements, as of March 22, 2017. Management is not aware of subsequent events that require recognition in the financial statements or disclosures.