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Certified Public Accountants
and Financial Advisors

SANKARA EYE FOUNDATION, USA

Financial Statements

December 31, 2018

INDEX TO FINANCIAL STATEMENTS

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Squar Milner LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sankara Eye Foundation, USA

Report on the Financial Statements

We have audited the accompanying financial statements of Sankara Eye Foundation, USA (the "Foundation"), which comprise the statement of financial position as of December 31, 2018, the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of Sankara Eye Foundation, USA as of and for the year ended December 31, 2017, were audited by Louie & Wong LLP, who merged with Squar Milner LLP effective February 1, 2019, and whose report dated July 25, 2018 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

SQUAR MILNER LLP

Squar Milner LLP

San Francisco, California
November 18, 2019

SANKARA EYE FOUNDATION, USA
STATEMENT OF FINANCIAL POSITION
December 31, 2018
(With Summarized Financial Information as of December 31, 2017)

ASSETS

	2018	2017
Current Assets		
Cash and cash equivalents	$ 6,713,935	$ 4,358,852
Receivables -		
Events	311,008	-
Contribution	-	1,643,753
Other	8,798	-
Investments	1,222,172	11,926
Prepaid expenses and other current assets	80,150	-
Total current assets	8,336,063	6,014,531
Property and Equipment - net	10,148	4,346
Deposits	3,240	3,240
Total assets	$ 8,349,451	$ 6,022,117

LIABILITIES AND NET ASSETS

	2018	2017
Current Liabilities		
Payables -		
Trade	$ 44,984	$ 61,136
Grants	49,725	-
Accrued liabilities	15,206	15,206
Total current liabilities	109,915	76,342
Commitments (Note 9)		
Net Assets		
Without donor restrictions	5,254,981	5,096,210
With donor restrictions	2,984,555	849,565
Total net assets	8,239,536	5,945,775
Total liabilities and net assets	$ 8,349,451	$ 6,022,117

 The accompanying notes are an integral part of these financial statements.

SANKARA EYE FOUNDATION, USA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
SUPPORT AND REVENUES				
Support -				
Grants and contributions	$ 3,667,579	$ 3,652,990	$ 7,320,569	$ 6,172,843
Revenues -				
Unrealized and realized loss on investments	(2,705)	-	(2,705)	(1,400)
Interest and dividends	3,429	-	3,429	901
Total revenues (loss)	724	-	724	(499)
Net assets released from restrictions -				
Satisfaction of program restrictions	1,518,000	(1,518,000)	-	-
Total support and revenues	5,186,303	2,134,990	7,321,293	6,172,344
FUNDRAISING EVENTS				
Revenues from special events	1,414,200	-	1,414,200	892,882
Less - cost of direct benefits to attendees	(1,282,131)	-	(1,282,131)	(681,581)
Total fundraising events	132,069	-	132,069	211,301
Total support and revenues and fundraising events	5,318,372	2,134,990	7,453,362	6,383,645
EXPENSES				
Program services				
Cataract surgeries	2,551,246	-	2,551,246	5,310,102
Capital projects	1,664,854	-	1,664,854	1,206,352
Total program services	4,216,100	-	4,216,100	6,516,454
Supporting services -				
Fundraising	597,778	-	597,778	605,280
Management and general	345,723	-	345,723	372,562
Total expenses	5,159,601	-	5,159,601	7,494,296
CHANGE IN NET ASSETS	158,771	2,134,990	2,293,761	(1,110,651)
NET ASSETS - beginning of year	5,096,210	849,565	5,945,775	7,056,426
NET ASSETS - end of year	$ 5,254,981	$ 2,984,555	$ 8,239,536	$ 5,945,775

The accompanying notes are an integral part of these financial statements.

SANKARA EYE FOUNDATION, USA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)

	Program Services			Supporting Services		Totals	
	Cataract Surgeries	Capital Projects	Total	Fundraising	Management and General	2018	2017
Grants	$ 2,470,576	$ 1,621,534	$ 4,092,110	$ -	$ -	$ 4,092,110	$ 6,473,750
Cost of special events							
Artist	-	-	-	635,459	-	635,459	311,662
Venue and equipment rental	-	-	-	482,763	-	482,763	327,224
Advertising and promotions	-	-	-	172,273	-	172,273	110,352
Production cost	-	-	-	141,756	-	141,756	4,328
Other	-	-	-	22,153	-	22,153	38,367
Advertising and promotions	44,778	-	44,778	253,741	-	298,519	320,019
Salaries and benefits	29,270	30,077	59,347	57,759	160,061	277,167	255,855
Bank fees	-	-	-	-	69,349	69,349	73,644
Printing and publications	1,887	3,774	5,661	54,762	-	60,423	37,388
Building occupancy	2,433	4,865	7,298	-	41,356	48,654	45,980
Professional fees	-	-	-	-	43,921	43,921	56,237
Supplies	-	-	-	37,646	2,341	39,987	39,902
Production and design	1,234	2,468	3,702	-	20,981	24,683	30,873
Postage and shipping	1,068	2,136	3,204	19,112	-	22,316	40,439
Telecommunications	-	-	-	2,485	2,485	4,970	6,002
Insurance	-	-	-	-	2,788	2,788	3,065
Depreciation	-	-	-	-	2,441	2,441	790
Total expenses by function	2,551,246	1,664,854	4,216,100	1,879,909	345,723	6,441,732	8,175,877
Less - expenses with revenues on the statement of activities							
Special events - cost of direct benefits to attendees	-	-	-	(1,282,131)	-	(1,282,131)	(681,581)
	$ 2,551,246	$ 1,664,854	$ 4,216,100	$ 597,778	$ 345,723	$ 5,159,601	$ 7,494,296

The accompanying notes are an integral part of these financial statements.

SANKARA EYE FOUNDATION, USA
STATEMENT OF CASH FLOWS
Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,293,761	$ (1,110,651)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donated investments	(1,212,951)	-
Unrealized and realized loss on investments	2,705	1,400
Depreciation	2,441	790
Changes in operating assets and liabilities		
Receivables	1,323,947	(1,643,753)
Prepaid expenses and other current assets	(80,150)	4,000
Accounts payable	33,573	35,898
Accrued liabilities	-	(55,000)
Net cash provided by (used in) operating activities	2,363,326	(2,767,316)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from purchase of investments, net	-	(772)
Purchase of property and equipment	(8,243)	-
Net cash used in investing activities	(8,243)	(772)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,355,083	(2,768,088)
CASH AND CASH EQUIVALENTS - beginning of year	4,358,852	7,126,940
CASH AND CASH EQUIVALENTS - end of year	$ 6,713,935	$ 4,358,852

The accompanying notes are an integral part of these financial statements.

1. NATURE OF ORGANIZATION AND PROGRAMS

General

Sankara Eye Foundation, USA (the "Foundation") is a California not-for-profit organization, formed to eradicate curable blindness in India, by raising funds for surgeries and to build specialty eye-care hospitals across India.

The Foundation raises funds through online, mail and phone donations and organized events. Those funds are transmitted to Sri Kanchi Kamakoti Medical Trust for cataract surgeries and capital projects, consisting primarily of the construction of eye care facilities in India. In 2017, the Foundation started to transmit funds to various third party providers of cataract surgeries in India.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America for Not-for-Profit Organizations ("U.S. GAAP").

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash greater than FDIC insurance of $250,000 with each financial institution, cash equivalents and investments. Risk associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Investments are protected under the Securities Investor Protection Corporation ("SPIC") up to $500,000. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds in bank accounts and highly liquid investments with original maturities of three months or less from date of acquisition, unless the investments are held for meeting restrictions of a capital or endowment nature.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. The fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

The Foundation provides an allowance for doubtful accounts based upon management's evaluation of the collectability of individual promises. Contributions receivable are written off against the allowance when it is probable that the receivable will not be collected. There is no allowance for doubtful accounts as of December 31, 2018.

Investments

Investments consist of common stocks and mutual funds, which are stated at fair values, determined based on quoted market prices. Investments with maturities of less than one year as of the statement of financial position are classified as short-term. Investments with maturities of more than one year as of the date of the statement of financial position are classified as long-term. Unrealized gains and losses resulting from market fluctuations are recognized in the period such fluctuations occur. For purposes of determining realized gains or losses, the cost of securities sold was computed based on the weighted average method. Interest and dividends are recognized when earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

The Foundation considers the use of market-based information over entity-specific information in valuing its investments, using a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 inputs to the valuation methodology – quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 inputs to the valuation methodology - quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the investment.

- Level 3 inputs to the valuation methodology - unobservable and significant to the fair value measurement. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants at the measurement date.

An asset or liability's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other practices, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Property and Equipment

Property and equipment in excess of $1,000 are stated at cost less accumulated depreciation. Repairs and maintenance are expensed as incurred and significant renewals and betterments are capitalized. Depreciation is computed using a straight-line method over the following estimated useful lives:

Type of Property	Estimated Useful Life (In Years)
Office equipment	3 to 10

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Support

Contributions, including unconditional promises to give, are recognized when received as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributed securities are recorded at fair value on the date of receipt.

Gifts-in-Kind

Gifts-in-kind are recorded as support and expenses in the accompanying financial statements at their estimated fair market values on the date of the donation.

The Foundation benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services to the Foundation’s program operations and fundraising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in the financial statements. U.S. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

In addition, the volunteer service hours provided during the years ended December 31, 2018, totaled approximately 2,000 hours valued at approximately $22,000, using the California minimum wage rate. These volunteer service hours did not require specialized skills and did not meet the recognition criteria set forth under U.S. GAAP. Consequently, these were not recorded as support and expenses.

Tax Status

The Foundation has been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and by the California Franchise Tax Board under Section 23701(d) of the California Revenue and Taxation Code. Contributions to the Foundation are tax deductible to donors under Section 170 of the IRC. Accordingly, no provision for income tax has been made in the accompanying financial statements. The Foundation is not classified as a private foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Status (continued)

U.S. GAAP provides disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and does not believe that the Foundation has any uncertain tax positions that require disclosure or adjustment to the financial statements. The Foundation's returns are subject to examination by federal and state taxing authorities, generally for three to four years, respectively, after they are filed.

Advertising and Promotion

Advertising and promotion expenses are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited on the basis of staff time utilized and the ultimate purpose of the expenditure.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

Certain costs of special fund-raising events, such as costs of direct benefits to attendees that are provided in exchange transactions, are deducted from special event revenues.

Reclassification

Certain items in prior year financial statements have been reclassified to conform to current year presentation. Such reclassification had no effect on the previously reported change in net asset.

Recent Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*. This standard modifies the principles that lessees and lessors apply to report information in their financial statements about the amount, timing, and uncertainty of cash flows arising from leases. The standard requires lessees to recognize most leases on their statement of financial position. The new guidance is effective for nonpublic entities for fiscal years beginning after December 15, 2021. The Foundation is currently evaluating the impact of adopting the new lease standard on its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Standards (continued)

In June 2018, FASB issued ASU 2018-08, *Not-for- Profit Entities (Topic 958) - Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. These amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by all entities, including business entities. The amendments should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional or unconditional. The new ASU does not apply to transfers of assets from governments to businesses.

ASU 2018-08 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2018 for entities that serve as a resource recipient, and years beginning after December 15, 2019 for entities that serve as a resource provider. The Foundation is currently evaluating the impact of adopting the new standard on its financial statements.

Although there are several other new accounting pronouncements issued or proposed by FASB, which the Foundation, will adopt, as applicable, the Foundation does not believe any of these accounting pronouncements will have a material impact on its financial position or operating results

Subsequent Events

The Foundation has evaluated subsequent events through November 18, 2019 the date the financial statements were available to be issued.

3. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for- Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The Foundation has changed the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Foundation’s financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- Presentation of expenses by both their natural classification and their functional allocation.
- The financial statements include a new disclosure about liquidity and availability of financial assets (Note 4).

3. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT (continued)

The changes have the following effect on net assets at December 31, 2017:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	$ 5,096,210	$ –
Temporarily restricted net assets	849,565	–
Net assets without donor restrictions	–	5,096,210
Net assets with donor restrictions	–	849,565
	$ 5,945,775	$ 5,945,775

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's Board approves the overall budget and grants made to other charitable organizations.

The Foundation's financial assets available for general expenditure, within one year from December 31, 2018, are as follows:

Financial assets at year-end:	
Cash and cash equivalents	$ 6,713,935
Receivables	319,806
Investments	1,222,172
Total financial assets	8,255,913
Less - amounts designated for capital projects	(2,984,555)
Financial assets available for general expenditures	$ 5,271,358

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2018, investments which are measured at fair value on a recurring basis are as follows:

US common stocks	
Healthcare	$ 978,438
Consumer Cyclical	60,079
Technology	26,070
Energy	109
Mutual funds	157,476
	$ 1,222,172

All investments are classified as Level 1.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2018 as follows:

Office equipment	$	24,833
Less - accumulated depreciation		(14,685)
	$	10,148

Depreciation expense was $2,441 for the year ended December 31, 2018.

7. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018, net assets with donor restrictions for capital projects were $2,984,555.

8. RETIREMENT PLAN

The Foundation has a 403(b) retirement plan (the "Plan") covering substantially all eligible employees. The Foundation may make discretionary contributions to the Plan. All employees who have completed 12 months of continuous employment and were employed for 500 hours in a Plan year are eligible to participate in the Plan. Eligible employees become fully vested after one year of service. The Foundation contributed $18,905 to the Plan for the year ended December 31, 2018.

9. COMMITMENTS

The Foundation leases an office space in Milpitas, California under an operating lease agreement expiring on December 31, 2018. The lease was renewed effective January 1, 2019 and will expire on December 31, 2023. The total rent expense was $48,654 for the year ended December 31, 2018.

Future minimum lease commitments under non-cancelable operating leases are as follows:

Years Ending December 31		
2019	$	62,088
2020		63,948
2021		65,868
2022		67,848
2023		69,888
	$	329,640