SANKARA EYE FOUNDATION, USA

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2016)

TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Sankara Eye Foundation, USA:

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, 2017, and 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.

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. 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 auditors' 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 auditors consider internal control relevant to the Foundation'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 Foundation'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, 2017, 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

We have previously audited the Foundation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Louie + Wong LLP

San Francisco, California
July 25, 2018

SANKARA EYE FOUNDATION, USA

STATEMENT OF FINANCIAL POSITION -- DECEMBER 31, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016)

ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2017	Totals 2016
CURRENT ASSETS:					
Cash and cash equivalents	$ 4,358,852	$ -	$ -	$ 4,358,852	$ 7,126,940
Contributions receivable	794,188	849,565	-	1,643,753	-
Short-term investments	11,926	-	-	11,926	12,554
Prepayments and other current assets	-	-	-	-	4,000
Total current assets	5,164,966	849,565	-	6,014,531	7,143,494
PROPERTY AND EQUIPMENT, at cost:					
Office equipment	16,588	-	-	16,588	16,588
Less - accumulated depreciation	12,242	-	-	12,242	11,452
	4,346	-	-	4,346	5,136
DEPOSITS	3,240	-	-	3,240	3,240
	$ 5,172,552	$ 849,565	$ -	$ 6,022,117	$ 7,151,870

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2017	Totals 2016
CURRENT LIABILITIES:					
Accounts payable	$ 61,136	$ -	$ -	$ 61,136	$ 25,238
Accrued liabilities	15,206	-	-	15,206	70,206
Total current liabilities	76,342	-	-	76,342	95,444
COMMITMENTS AND CONTINGENCIES					
NET ASSETS	5,096,210	849,565	-	5,945,775	7,056,426
	$ 5,172,552	$ 849,565	$ -	$ 6,022,117	$ 7,151,870

The accompanying independent auditors' report and notes to financial statements should be read in conjunction with this statement.

SANKARA EYE FOUNDATION, USA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2017	Totals 2016
SUPPORT AND REVENUES					
Support -					
Grants and contributions	$ 3,626,311	$ 2,546,532	$ -	$ 6,172,843	$ 5,315,253
Revenues -					
Interest and dividends	901	-	-	901	1,350
Unrealized and realized loss on investments, net	(1,400)	-	-	(1,400)	(3,807)
Total revenues	(499)	-	-	(499)	(2,457)
Net assets released from restrictions -					
Satisfaction of program restrictions	4,145,000	(4,145,000)	-	-	-
Total support and revenues	7,770,812	(1,598,468)	-	6,172,344	5,312,796
FUNDRAISING EVENTS:					
Revenues from special events	892,882	-	-	892,882	1,500,686
Cost of special events	(845,379)	-	-	(845,379)	(1,336,203)
	47,503	-	-	47,503	164,483
Total support, revenues and fundrasing events	7,818,315	(1,598,468)	-	6,219,847	5,477,279
EXPENSES:					
Program services -					
Capital projects	5,310,102	-	-	5,310,102	2,450,000
Cataract surgeries	1,206,352	-	-	1,206,352	1,542,750
Fundraising	441,482	-	-	441,482	383,496
Management and general	372,562	-	-	372,562	391,087
Total expenses	7,330,498	-	-	7,330,498	4,767,333
CHANGE IN NET ASSETS	487,817	(1,598,468)	-	(1,110,651)	709,946
NET ASSETS - BEGINNING OF YEAR	4,608,393	2,448,033	-	7,056,426	6,346,480
NET ASSETS - END OF YEAR	$ 5,096,210	$ 849,565	$ -	$ 5,945,775	$ 7,056,426

The accompanying independent auditors' report and notes to financial statements should be read in conjunction with this statement.

SANKARA EYE FOUNDATION, USA

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016)

	Program Services			Supporting Services		Totals	
	Capital Projects	Cataract Surgeries	Total	Fundraising	Management and General	2017	2016
Grants	$ 5,288,750	$ 1,185,000	$ 6,473,750	$ -	$ -	$ 6,473,750	$ 3,992,750
Advertising and promotion	-	-	-	320,019	-	320,019	264,701
Salaries and benefits	21,352	21,352	42,704	74,544	138,607	255,855	258,017
Bank fees	-	-	-	-	73,644	73,644	60,070
Professional fees	-	-	-	-	56,237	56,237	48,075
Building occupancy	-	-	-	200	45,780	45,980	47,017
Postage and shipping	-	-	-	29,046	7,262	36,308	19,587
Production and design	-	-	-	-	30,873	30,873	20,707
Printing and publications	-	-	-	14,034	7,557	21,591	41,671
Office supplies	-	-	-	638	5,746	6,384	1,666
Telecommunications	-	-	-	3,001	3,001	6,002	8,158
Insurance	-	-	-	-	3,065	3,065	2,650
Depreciation	-	-	-	-	790	790	2,264
	$ 5,310,102	$ 1,206,352	$ 6,516,454	$ 441,482	$ 372,562	$ 7,330,498	$ 4,767,333

The accompanying independent auditors' report and notes to financial statements should be read in conjunction with this statement.

SANKARA EYE FOUNDATION, USA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (1,110,651)	$ 709,946
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	790	2,264
Contributed securities	-	(11,445)
Unrealized and realized loss on investments, net	1,400	3,807
Changes in assets and liabilities -		
Contributions receivable	(1,643,753)	-
Prepayments and other current assets	4,000	26,650
Accounts payable	35,898	(36,440)
Accrued liabilities	(55,000)	65,497
Total adjustments	(1,656,665)	50,333
Net cash provided by (used in) operating activities	(2,767,316)	760,279
CASH FLOWS FROM INVESTING ACTIVITY:		
Proceeds from sale (purchase) of short-term investments, net	(772)	1,121
Purchase of property and equipment	-	(5,529)
Net cash used in investment activity	(772)	(4,408)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,768,088)	755,871
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	7,126,940	6,371,069
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,358,852	$ 7,126,940

The accompanying independent auditors' report and notes to financial statements should be read in conjunction with this statement.

SANKARA EYE FOUNDATION, USA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. Nature of Organization and Programs

General -- Sankara Eye Foundation (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.

Description of Programs -- 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 Presentation -- The Foundation prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America for Not-for-Profit organizations. The significant accounting and reporting policies used by the Foundation are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting -- The accompanying financial statements have been prepared on the accrual basis of accounting and accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash and Cash Equivalents -- Cash and cash equivalents consist of cash on hand, funds in checking accounts and short-term highly liquid investments with original maturities of three months or less from dates 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 was no allowance for doubtful accounts as of December 31, 2017.

Investments -- Investments consist of common stocks, which are stated at fair value. 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.

Property and Equipment -- Property and equipment are recorded at cost and depreciated on a straight-line basis over the following estimated useful lives:

Type of Property	Estimated Useful Life (in years)
Office equipment	3 to 10

The depreciation expense was $790 during the year ended December 31, 2017.

Property and equipment are capitalized if it has a cost of $1,000 or more and have a useful life when acquired of more than one year.

Support -- Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor for use in future periods or specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and, therefore, are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent 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.

When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "Net assets released from restrictions".

Revenues -- Revenues from interest and dividends are recognized when earned.

Gifts-in-Kind Contributions -- Gifts-in-kind contributions 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 year ended December 31, 2017, totaled approximately 1,100 hours valued at approximately $11,550 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 the pronouncement on Accounting for Contributions Received and Contributions Made. 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.

Generally accepted accounting principles provide 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 adjustment or disclosure in 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.

Expense Recognition and Allocation -- The costs of providing the Foundation's programs and other 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.

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.

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.

Estimates Included in the Financial Statements -- 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. On an ongoing basis, management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Fair Value of Financial Instruments -- Financial instruments include cash and cash equivalents, investments, accounts payable and accrued liabilities. The carrying value of these financial instruments approximates fair value due to the short-term nature of these balances.

Comparative Financial Statements -- 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements as of and for the year ended December 31, 2016, from which the summarized information was derived.

New Accounting Pronouncements -- In January 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities. The amendments in this update revises an entity's accounting related to the classification and measurement of investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. The amendments in this update are effective for fiscal years beginning after December 15, 2019. The Foundation is currently evaluating the effects of this update.

In August 2016, FASB issued ASU No. 2016-14, Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities. The amendments in the

ASU made several improvements to current reporting requirements that address net asset classes, investment return, expenses, liquidity and availability of resources and presentation of operating cash flows. The ASU is effective for financial statements beginning after December 15, 2017. The Foundation will adopt the provisions of ASU No. 2016-14 effective January 1, 2018.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU No. 2016-15 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Foundation is currently evaluating the provision of this ASU.

Although there are several other new accounting pronouncements issued or proposed by the 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 results of operation.

Subsequent Events -- The Foundation has evaluated subsequent events through July 25, 2018, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

3. Description of Net Assets

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Unrestricted Fund -- This is used to account for resources that are available to support the Foundation's operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Foundation, the environment which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily Restricted Fund -- This is used to account for resources that are restricted by the donor for use for a particular purpose or in a particular future period. The Foundation's unspent contributions are classified in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

The temporarily restricted net assets consist of the following as of December 31, 2017:

Donor	Purpose	Balance
Various	Eye care facilities	$ 849,565

Permanently Restricted Fund -- This is used to account for resources whose use is limited by donor-imposed restrictions that expire neither by being used in accordance with the donor's restriction or by the passage of time. The Foundation had no permanently restricted net assets as of December 31, 2017.

All revenues and net gains are reported as increase in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses are reported as decreases in unrestricted net assets.

4. Fair Value Measurement

The Foundation reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by U.S. GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement.

The three levels of inputs used to measure fair value are as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access at the measurement date.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The primary uses of fair value measures in the Foundation's financial statements are:

- Initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give; and
- Recurring measurement of short-term investments.

The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy. There has been no change in the methodology used as of December 31, 2017.

Common Stocks -- Common stocks are valued at the closing price on the last business day of the fiscal year reported on the active market on which the individual securities are traded and are reported within Level 1.

The preceding method 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 their valuation method is appropriate and consistent with other market participants, 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.

Cost, cumulative gain and market or redemption value of investments at December 31, 2017, are summarized as follows:

	Cost	Cumulative Gain	Market or Redemption Value
Unrestricted			
Common stocks	$ 6,037	$ 5,889	$ 11,926

The composition of the investment return during the year ended December 31, 2017, was as follows:

Interest and dividends	$ 901
Unrealized and realized loss on investments, net	(1,400)
	$ (499)

5. Lease Commitments

The Foundation leases its office facilities in Milpitas, California under an operating lease expiring on December 31, 2023. The lease expense for the year ended December 31, 2017 was $45,980. The following is a schedule of the future minimum lease payments under the above operating leases:

Years Ending		Amounts
December 31, 2018	$	46,566
December 31, 2019		62,088
December 31, 2020		63,948
December 31, 2021		65,868
Thereafter		137,736
	$	376,206

6. Concentration of Risks

The majority of the Foundation's donations are from individuals and foundations. As such, the Foundation's ability to generate resources is dependent upon the donations collected.

Financial instruments, which potentially subject the Foundation to concentration of credit risk, consist principally of cash and cash equivalents greater than $250,000 with each financial institution and receivables. The Foundation's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management periodically reviews its cash and investments policies and believes that any potential loss is not material to the financial statements.