

**SANKARA EYE
FOUNDATION, USA
FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Sankara Eye Foundation, USA as of December 31, 2009 and 2008 and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2009. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Foundation's 2008 financial statements and, in our report dated May 5, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2009 and 2008, and the changes in its net assets and its cash flows for the year ended December 31, 2009 in conformity with U.S. generally accepted accounting principles.


Benson & Neff
Certified Public Accountants,
A Professional Corporation

San Francisco, California
July 20, 2010

Sankara Eye Foundation, USA

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT		
Cash	\$ 1,482,355	\$ 1,328,400
Accounts receivable	500	-
Prepaid expenses	<u>-</u>	<u>15,474</u>
	1,482,855	1,343,874
MARKETABLE EQUITY SECURITIES		
(Cost 2009, \$8,677; 2008, \$8,373)	4,663	2,627
DEPOSIT		
	1,500	1,500
FIXED ASSETS		
	<u>3,857</u>	<u>4,714</u>
	<u>\$ 1,492,875</u>	<u>\$ 1,352,715</u>
LIABILITIES		
CURRENT		
Accrued expenses	\$ <u>4,000</u>	\$ <u>9,450</u>
NET ASSETS		
UNRESTRICTED	641,289	585,146
TEMPORARILY RESTRICTED	<u>847,586</u>	<u>758,119</u>
	<u>1,488,875</u>	<u>1,343,265</u>
	<u>\$ 1,492,875</u>	<u>\$ 1,352,715</u>

See Notes to Financial Statements

Sankara Eye Foundation, USA

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2009, WITH COMPARATIVE TOTALS FOR 2008

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>2008</u>
REVENUE, GAINS (LOSSES) AND OTHER SUPPORT				
Contributions	\$1,525,771	\$ 999,467	\$ 2,525,238	\$ 3,766,839
Special events, net of expenses of \$182,973	91,324	-	91,324	49,820
Investment income	1,528	-	1,528	24,766
Net realized gain (loss) on marketable equity securities	34	-	34	485
Net unrealized gain (loss) on marketable equity securities	1,732	-	1,732	(3,551)
NET ASSETS RELEASED FROM RESTRICTIONS:				
Satisfaction of program restrictions	<u>910,000</u>	<u>(910,000)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>2,530,389</u>	<u>89,467</u>	<u>2,619,856</u>	<u>3,838,359</u>
EXPENSES:				
Capital projects	910,000	-	910,000	3,386,000
Cataract surgeries	1,056,650	-	1,056,650	382,434
General and administrative	168,508	-	168,508	274,382
Fundraising and promotion	<u>339,088</u>	<u>-</u>	<u>339,088</u>	<u>263,862</u>
Total expenses	<u>2,474,246</u>	<u>-</u>	<u>2,474,246</u>	<u>4,306,678</u>
CHANGE IN NET ASSETS	56,143	89,467	145,610	(468,319)
NET ASSETS , beginning of year	<u>585,146</u>	<u>758,119</u>	<u>1,343,265</u>	<u>1,811,584</u>
NET ASSETS , end of year	<u>\$ 641,289</u>	<u>\$ 847,586</u>	<u>\$ 1,488,875</u>	<u>\$ 1,343,265</u>

See Notes to Financial Statements

Sankara Eye Foundation, USA

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2009, WITH COMPARATIVE TOTALS FOR 2008

	<u>PROGRAM SERVICES</u>		<u>SUPPORTING SERVICES</u>		<u>TOTAL</u>	<u>2008</u>
	<u>CAPITAL PROJECTS</u>	<u>CATARACT SURGERIES</u>	<u>GENERAL & ADMINIS-TRATIVE</u>	<u>FUND RAISING</u>		
Grants	\$ 910,000	\$1,056,650	\$ -	\$ -	\$1,966,650	\$3,768,434
Salaries and related	-	-	106,980	106,980	213,960	86,784
Advertising and promotions	-	-	-	114,266	114,266	210,113
Production and design	-	-	-	24,085	24,085	29,067
Building occupancy	-	-	11,878	11,878	23,756	26,722
Printing and publications	-	-	116	23,262	23,378	37,425
Professional fees	-	-	16,176	6,400	22,576	17,500
Postage and shipping	-	-	7,743	14,348	22,091	41,688
Bank fees	-	-	4,063	12,190	16,253	11,280
Office supplies	-	-	5,637	6,880	12,517	11,440
Travel and meetings	-	-	1,362	11,059	12,421	36,092
Telecommunications	-	-	4,946	4,923	9,869	6,943
Other	-	-	5,621	2,255	7,876	19,586
Insurance	-	-	2,954	-	2,954	2,632
Depreciation	-	-	857	-	857	857
Equipment maintenance	-	-	175	562	737	115
	<u>\$ 910,000</u>	<u>\$1,056,650</u>	<u>\$ 168,508</u>	<u>\$ 339,088</u>	<u>\$2,474,246</u>	<u>\$4,306,678</u>

See Notes to Financial Statements

Sankara Eye Foundation, USA

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 145,610	\$ (468,319)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	857	857
Contribution of marketable equity securities	(888)	(21,570)
Net loss (gain) on marketable equity securities	(1,766)	3,066
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(500)	6,000
Prepaid expenses	15,474	(15,474)
Increase (decrease) in:		
Accrued expenses	<u>(5,449)</u>	<u>1,730</u>
Net cash provided by (used in) operating activities	<u>153,338</u>	<u>(493,710)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of marketable equity securities	<u>617</u>	<u>22,055</u>
Net cash provided by investing activities	<u>617</u>	<u>22,055</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	153,955	(471,655)
CASH, beginning of year	<u>1,328,400</u>	<u>1,800,055</u>
CASH, end of year	<u>\$ 1,482,355</u>	<u>\$ 1,328,400</u>

See Notes to Financial Statements

Sankara Eye Foundation, USA

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2009 AND 2008

Note 1. NATURE OF FOUNDATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Foundation:

Sankara Eye Foundation USA 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.

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 generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

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.

Fixed Assets and Depreciation:

Fixed assets are recorded at cost. Depreciation and amortization are computed on the straight-line method. Furniture and fixtures are depreciated over 7 years.

Sankara Eye Foundation, USA

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2009 AND 2008

Note 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Policies (continued):

Contributions:

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 no objective basis is available to measure the value of such 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.

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 financial statements as follows:

Program services include funds transmitted to Sankara Eye Society, India for cataract surgeries and capital projects, primarily the construction of eye care facilities.

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, 2009 and 2008 consist of contributions received for the purposes of building of eye care facilities in India.

Sankara Eye Foundation, USA

NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2009 AND 2008

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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2008, 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. FIXED ASSETS

Furniture	\$ 6,000
Depreciation	<u>(2,143)</u>
	<u>\$ 3,857</u>

Note 6. LEASE EXPENSE AND LEASE COMMITMENTS

The Foundation's existing office lease expires May 1, 2015. Lease expense for the years ended December 31, 2009 and 2008 was \$23,756 and \$26,722, respectively. Future minimum lease payments are as follows:

2010	\$ 8,000
2011	12,000
2012	12,200
2013	12,300
2014	12,300
2015	<u>4,100</u>
	<u>\$ 60,900</u>

Note 7. SUBSEQUENT EVENTS

Management has evaluated and reviewed subsequent events that would impact the financial statements for the year ended December 31, 2009 through the issuance date of the financial statements, as of July 20, 2010. Management is not aware of subsequent events that require recognition in the financial statements or disclosures.