

FINANCIAL STATEMENTS

HIMALAYAN CATARACT PROJECT, INC.

FOR THE YEAR ENDED DECEMBER 31, 2023

HIMALAYAN CATARACT PROJECT, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Himalayan Cataract Project, Inc.
Norwich, Vermont

Opinion

We have audited the accompanying financial statements of the Himalayan Cataract Project, Inc. (HCP), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HCP as of December 31, 2023, and the change 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HCP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HCP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 HCP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HCP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

August 14, 2024

HIMALAYAN CATARACT PROJECT, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 11,866,673
Investments	9,687,601
Grants and contributions receivable	825,234
Interest receivable	20,840
Inventory	2,366,688
Deposits on equipment and consumables	350,116
Prepaid expenses	<u>241,748</u>
Total current assets	<u>25,358,900</u>

FIXED ASSETS

Vehicles	36,690
Furniture and equipment	178,634
Construction in progress	2,805,678
Less: Accumulated depreciation	<u>(85,135)</u>
Net fixed assets	<u>2,935,867</u>

OTHER ASSETS

Security deposit	4,650
Right of use asset	<u>144,925</u>
Total other assets	<u>149,575</u>

TOTAL ASSETS \$ 28,444,342

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 1,417,084
Accrued salaries and related benefits	57,013
Refundable advance	548,759
Lease liability	<u>77,574</u>
Total current liabilities	2,100,430

LONG-TERM LIABILITIES

Lease liability, net	<u>71,939</u>
Total liabilities	<u>2,172,369</u>

NET ASSETS

Without donor restrictions	24,059,257
With donor restrictions	<u>2,212,716</u>
Total net assets	<u>26,271,973</u>

TOTAL LIABILITIES AND NET ASSETS \$ 28,444,342

HIMALAYAN CATARACT PROJECT, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 3,984,732	\$ 115,948	\$ 4,100,680
Foundation grants	71,753	1,631,195	1,702,948
Investment return, net	1,373,156	-	1,373,156
Government grants	577,266	-	577,266
Contributed nonfinancial assets	339,682	-	339,682
Technology and procurement program revenue	46,669	-	46,669
Other revenue	85	-	85
Net assets released from donor restrictions	<u>3,533,789</u>	<u>(3,533,789)</u>	<u>-</u>
Total revenue and support	<u>9,927,132</u>	<u>(1,786,646)</u>	<u>8,140,486</u>
EXPENSES			
Program Services:			
Eye Care and Education	<u>11,028,911</u>	<u>-</u>	<u>11,028,911</u>
Supporting Services:			
Management and General	2,382,248	-	2,382,248
Fundraising	<u>849,470</u>	<u>-</u>	<u>849,470</u>
Total supporting services	<u>3,231,718</u>	<u>-</u>	<u>3,231,718</u>
Total expenses	<u>14,260,629</u>	<u>-</u>	<u>14,260,629</u>
Change in net assets before other item	(4,333,497)	(1,786,646)	(6,120,143)
OTHER ITEM			
Currency gain	<u>12,585</u>	<u>-</u>	<u>12,585</u>
Change in net assets	(4,320,912)	(1,786,646)	(6,107,558)
Net assets at beginning of year	<u>28,380,169</u>	<u>3,999,362</u>	<u>32,379,531</u>
NET ASSETS AT END OF YEAR	<u>\$ 24,059,257</u>	<u>\$ 2,212,716</u>	<u>\$ 26,271,973</u>

HIMALAYAN CATARACT PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Supporting Services			Total Expenses
	Eye Care and Education	Management and General	Fundraising	Total Supporting Services	
Grant and awarded expenses	\$ 6,702,857	\$ -	\$ -	\$ -	\$ 6,702,857
Payroll and related expenses	2,407,032	1,649,125	588,973	2,238,098	4,645,130
Professional services	494,495	254,727	90,974	345,701	840,196
Direct program expenses	522,643	-	-	-	522,643
Travel	428,658	64,118	22,899	87,017	515,675
IT hardware and systems	103,298	85,413	30,505	115,918	219,216
Facilities	81,541	66,815	22,224	89,039	170,580
Meetings and conferences	39,599	94,612	-	94,612	134,211
Telecom and website	34,354	30,337	10,835	41,172	75,526
Other	42,999	23,445	14,010	37,455	80,454
Investment, bank, and other fees	-	-	31,092	31,092	31,092
Insurance	34,453	27,457	9,806	37,263	71,716
Dues and subscriptions	26,799	25,947	9,267	35,214	62,013
Legal and accounting fees	37,847	20,314	7,255	27,569	65,416
Depreciation	33,414	699	296	995	34,409
Printing and publications	14,478	13,884	4,959	18,843	33,321
Advertising expenses	11,561	10,719	3,828	14,547	26,108
Postage and delivery	12,883	7,136	2,547	9,683	22,566
Bad debt	-	7,500	-	7,500	7,500
TOTAL	\$ 11,028,911	\$ 2,382,248	\$ 849,470	\$ 3,231,718	\$ 14,260,629

See accompanying notes to financial statements.

HIMALAYAN CATARACT PROJECT, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (6,107,558)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	34,409
Unrealized gain on investments	(751,445)
Realized gain on investments	(150,025)
Amortization of right-of-use asset	75,969
Discount on long-term receivables	(5,396)
Receipt of contributed securities	(132,206)
Proceeds from the sale of contributed securities	159,384
Decrease (increase) in:	
Grants and contributions receivable	2,364,995
Interest receivable	(7,907)
Inventory	38,926
Deposits on equipment and consumables	(258,166)
Prepaid expenses	(76,509)
Increase (decrease) in:	
Accounts payable and accrued liabilities	459,676
Accrued salaries and related benefits	(70,807)
Refundable advance	(150,693)
Lease liability	<u>(71,381)</u>
Net cash used by operating activities	<u>(4,648,734)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of fixed assets	(1,222,576)
Purchase of investments	(24,729,582)
Proceeds from sale of investments	<u>21,941,001</u>
Net cash used by investing activities	<u>(4,011,157)</u>
Net decrease in cash and cash equivalents	(8,659,891)
Cash and cash equivalents at beginning of year	<u>20,526,564</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 11,866,673</u>

SUPPLEMENTAL INFORMATION:

Right-of-Use Asset	<u>\$ 220,894</u>
Lease Liability	<u>\$ 220,894</u>

HIMALAYAN CATARACT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Himalayan Cataract Project, Inc. (HCP) is a non-profit organization organized under the laws of the State of Vermont. HCP Cureblindness works to eradicate avoidable blindness in under-resourced areas of the world by helping people retain and regain their sight. This is achieved through the Eye Care and Education Program in which eye care is approached through building local capacity, ensuring quality infrastructure and equipment are available, enabling patient care, and aiding effective prevention. Training and equipment to healthcare professionals is provided, who then go on to provide eye care services in their own communities. This action-based approach builds local leadership, empowers key actors, and develops sustainable practices from the ground up. HCP Cureblindness performs this work in many countries across the globe with primary focus in Sub-Saharan Africa and Southern Asia.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows.

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with HCP's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Cash and cash equivalents -

HCP considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, HCP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

HIMALAYAN CATARACT PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets. Investments acquired by gift, such as donated securities, are recorded at their fair value at the date of the gift. HCP's policy is to liquidate all gifts of investments as soon as possible after the gift.

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions.

Fixed assets -

Fixed assets in excess of \$2,500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally to years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining life term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense totaled \$34,409 for the year ended December 31, 2023.

Vendor Deposits -

HCP has made deposits with vendors for the purchase of equipment and consumables for the procurement program. Once final payment is made by HCP and the goods are shipped, the expenses are allocated to specific programs. As of year-end, December 31, 2023, vendor deposits totaled \$350,116.

Income taxes -

HCP is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. HCP is not a private foundation.

Inventory -

Inventory consists of Medical supplies. Inventory is stated at the lower of cost or net realizable value using the first in, first out (FIFO) method of valuation. Management performs an annual physical count of all medical supplies and, as a result, inventory is adjusted annually to agree to the physical count. Therefore, management has not established an allowance for obsolete inventory.

Contributions and grants -

HCP receives contributions and grants, including federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received.

HIMALAYAN CATARACT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Contributions and grants (continued) -

HCP performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. HCP's refundable advances totaled \$548,759 as of December 31, 2023.

In addition, HCP has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. HCP's unrecognized conditional contributions to be received in future years totaled \$299,575 as of December 31, 2023.

Contributed nonfinancial assets -

Contributed nonfinancial assets are recorded at their fair value as of the date of the gift and consisted of surgical supplies, inventory, and ophthalmologists performing high quality ophthalmic care on a pro-bono basis. Donated physician time is based on mean salary rates for ophthalmologists and ophthalmology residents. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by HCP. None of the contributed nonfinancial assets were restricted by donors and none of the donated goods were monetized through sale.

Foreign currency translation -

The U.S. Dollar is the functional currency for HCP worldwide operations. Transactions in currencies other than U.S. Dollars are converted into U.S. Dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into U.S. Dollars at the exchange rate in effect at the date of the Statement of Financial Position.

HIMALAYAN CATARACT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Use of estimates -

The preparation of the financial statements in conformity 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimate.

Functional allocation of expenses -

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

Expenses directly attributed to a specific functional area of HCP are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort or other reasonable basis.

Investment risks and uncertainties -

HCP invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statement.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, HCP has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market HCP has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of December 31, 2023.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.

HIMALAYAN CATARACT PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

- *Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *U.S. Government Securities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Corporate Bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2023. Transfers between levels are recorded at the end of the reporting period, if applicable. The table below summarizes, the investments measured at fair value on a recurring basis, aggregated by the fair value hierarchy level in which the measurements were made.

HCP's investments consisted of the following as of December 31, 2023:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 2,540,224	\$ -	\$ -	\$ 2,540,224
Stocks	2,357,600	-	-	2,357,600
U.S. Government securities	-	233,776	-	233,776
Corporate bonds	-	981,211	-	981,211
Certificates of deposit	<u>-</u>	<u>3,574,790</u>	<u>-</u>	<u>3,574,790</u>
TOTAL INVESTMENTS	<u>\$ 4,897,824</u>	<u>\$ 4,789,777</u>	<u>\$ -</u>	<u>\$ 9,687,601</u>

Included in investment return are the following for the year ended December 31, 2023:

Interest and dividends	\$ 515,251
Unrealized gain on investments	751,445
Realized gain on investments	150,025
Management fees	<u>(43,565)</u>
TOTAL INVESTMENT RETURN, NET	<u>\$ 1,373,156</u>

3. BOARD DESIGNATED NET ASSETS

As of December 31, 2023, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

<u>Fund</u>	<u>Purpose</u>	<u>2023</u>
Reserve Fund	To support administrative expenses and unusual expenses.	\$ 5,234,648
Contingency Fund	To ensure the uninterrupted continuation of programmatic and administrative operations of HCP in the event of an unanticipated disruption of the planned and anticipated funding sources.	<u>1,557,368</u>
BOARD DESIGNATED NET ASSETS		<u>\$ 6,792,016</u>

HIMALAYAN CATARACT PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023:

Program restrictions:	
Nepal	\$ 663,988
Ethiopia	525,930
Ghana	351,755
South Sudan	145,767
Ghana/Ethiopia/Nepal	104,899
Ghana/Ethiopia	78,728
Ophthalmology Fellowship Program	50,000
Outreach	40,862
Bhutan	40,151
Bhutan/Nepal	37,632
India/Eritrea	19,796
Eritrea	7,000
Thailand	1,099
Somaliland	290
Ethiopia/Eritrea	<u>215</u>
Subtotal	2,068,112
Subject to the passage of time	<u>150,000</u>
TOTAL NET ASSETS WITH RESTRICTIONS	<u><u>\$ 2,218,112</u></u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Program restrictions:	
Ethiopia	\$ 1,061,599
Ghana	537,384
South Sudan	479,543
Nepal	403,474
Bhutan	92,981
Ghana/Ethiopia/Nepal	78,451
Africa	69,400
India/Eritrea	62,451
Somaliland	61,067
Bhutan/Nepal	56,368
Consumables	55,000
Ophthalmology Fellowship	50,000
Thailand	25,001
Outreach	13,085
Ghana/Ethiopia	22,264
Ethiopia/Eritrea	14,721
South East Asia	<u>1,000</u>
Subtotal	3,083,789
Passage of time	<u>450,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u><u>\$ 3,533,789</u></u>

HIMALAYAN CATARACT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

5. LIQUIDITY

Financial assets available for use within one year of the Statement of Financial Position comprise the following at December 31, 2023:

Cash and cash equivalents	\$ 11,866,673
Investments	9,687,601
Grants and contributions receivable, current	825,234
Interest receivable	<u>20,840</u>
Less: Donor restricted funds, less amounts time restricted and to be released in 2024	(2,062,716)
Less: Board designated funds	<u>(6,792,016)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR
GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 13,545,616**

All cash equivalents and securities are liquid and available for operations within one to two day's notice. Receivables from donors and grantors are expected to be received within one year, except for commitments with payment schedules that extend beyond one year. Receivables representing the commitment of equipment and supplies are not considered liquid assets. Funds received from donors which have restrictions as to their use, as well as Federal grants which are contingent upon meeting certain time or performance conditions, are not considered liquid assets.

In addition, the Board of Directors has designated some funds for specific uses. The Board designated contingency fund is a fund established by the governing Board that may be drawn upon to ensure the uninterrupted continuation of programmatic and administrative operations of HCP in the event of an unanticipated disruption of the planned and anticipated funding sources.

6. CONTRIBUTED NONFINANCIAL ASSETS

HCP was the beneficiary of certain contributed nonfinancial assets which allowed HCP to provide greater resources towards its various programs. No donor-imposed restrictions were associated with the contributed nonfinancial assets, which are recorded at their estimated fair market value as of the date of the gift. In addition, none of the donated goods were monetized through sale.

The contributed nonfinancial assets consisted of the following for the year ended December 31, 2023:

Professional services	\$ 169,319
Grant and awarded expenses	26,700
Inventory	<u>143,663</u>

CONTRIBUTED NONFINANCIAL ASSETS **\$ 339,682**

These amounts, other than inventory, are included in Program Services on the Statement of Functional Expenses.

7. LEASE COMMITMENTS

HCP follows FASB ASC 842 for leases. HCP has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. HCP has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

HIMALAYAN CATARACT PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

7. LEASE COMMITMENTS (Continued)

HCP leases office space in seven locations, including Norwich and Waterbury, Vermont, Silver Spring, Maryland, Milford Ohio, Accra, Ghana, Bahir Dar, Ethiopia, and Addis Ababa, Ethiopia.

On December 7, 2022, the Norwich, Vermont office entered into a thirty six month extension to the existing lease commencing on January 1, 2023 through December 31, 2025 at a monthly rate of \$1,940.

As of March 1, 2020, the Waterbury, Vermont office moved to a new location and signed a lease with an initial term of sixty months. The annual base rent was \$2,000 per month and increased to \$2,200 from March 1, 2021 through February 28, 2023 and increased to \$2,500 from March 1, 2023 through February 28, 2025.

A Silver Spring lease addendum was established to start on August 1, 2020 setting a month-to-month rate of \$1,056 with a 90 day termination clause for one office suite. In April 2023, the lease was extended through March 31, 2024 at a monthly rate of \$1,818, and extended for another year on April 1, 2024 at a monthly rate of \$1,873.

On September 15, 2022 a short term lease was established for office space in Milford, OH through September 30, 2023 at a rate of \$500 per month. Per terms, the lease automatically converted to month-month beginning October 1, 2023 with a 60 day notification clause to cancel. This lease was renewed October 21, 2023 for a term of 15 months at the same \$500/month rate.

The Addis Ababa lease represents both office and warehouse space. The lease agreement term extends from November 1, 2022 until October 31, 2026 with an advance payment of twelve months upon signing of the agreement. The lease (inclusive of taxes) is 1,656,000 Ethiopian Birr (equivalent to approximately \$29,200 in U.S. dollars) per year. Payments will be made annually.

On January 1, 2023 an office and warehouse lease was established for Bahir Dar, Ethiopia. The warehouse lease is 16,909 Ethiopian Birr (approximately \$298) per month and the office lease is 2,705 Ethiopian Birr (approximately \$48 in U.S. dollars). The lease expires June 30, 2024.

On December 13, 2023, a lease was signed for an office in Ghana. The lease commenced December 1, 2023 and expires on April 30, 2024. Monthly rent is 2,653.85 Ghanaian Cedi (approximately \$198 in U.S. dollars).

The operating lease right-of-use asset totaled \$144,925 as of December 31, 2023 and the operating lease liability totaled \$149,513 as of December 31, 2023. The operating lease liability was determined by calculating the present value of all future rentals using a risk free rate of 4.304 as the discount rate. For the year ended December 31, 2023, total lease cost was \$170,578 and total cash paid was \$113,854. For the year ended December 31, 2023, total amortization on the right-of-use assets was \$75,969.

The following is a schedule of the future minimum lease payments due under the operating leases, net of imputed interest:

<u>Year Ending December 31,</u>	
2024	\$ 83,245
2025	59,061
2026	<u>14,586</u>
	156,892
Less: Imputed interest	(7,379)
Less: Current portion	<u>(77,574)</u>
LONG-TERM PORTION	\$ <u>71,939</u>

HIMALAYAN CATARACT PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
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8. RETIREMENT PLAN

HCP provides retirement benefits to its US employees through a defined contribution plan covering all full-time employees with six months of eligible experience and that are at least 21 years old. HCP provides a 3% contribution based on the employee's compensation. Contributions to the Plan during the year ended December 31, 2023 totaled \$81,595 and are included in payroll and related expenses on the accompanying Statement of Functional Expenses.

For Ethiopian employees, HCP contributes 11% of an employee's basic monthly salary to each employee's pension plan as per Ethiopian government requirement, Labour Proclamation No.1156/2019, and to which the employee contributes 7% of their basic salary.

In total, the pension plan for employees is 18% of their basic monthly salary which is deposited monthly to the Private Organization Employee Social Security Agency (POESSA) account. Each employee has a pension identification number and the pension payable is accounted for using this number. Contributions to the Plan during the year ended December 31, 2023 totaled \$34,353 and are included in payroll and related expenses on the accompanying Statement of Functional Expenses.

9. SUBSEQUENT EVENTS

In preparing these financial statements, HCP has evaluated events and transactions for potential recognition or disclosure through August 14, 2024, the date the financial statements were issued.

As of July 30, 2024, the Himalayan Cataract Project, Inc. rebranded and is now doing business as Cure Blindness Project.