

**INTERNATIONAL EYE FOUNDATION**  
Kensington, Maryland

**FINANCIAL STATEMENTS**  
June 30, 2006 and 2005

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## Independent Auditor's Report

Board of Directors  
International Eye Foundation  
Kensington, Maryland

We have audited the accompanying statements of financial position of the International Eye Foundation (IEF) as of June 30, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the IEF's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 IEF as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2006, on our consideration of the IEF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Clifton Gundersen LLP*

Calverton, Maryland  
September 28, 2006

**INTERNATIONAL EYE FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2006 and 2005**

**ASSETS**

	<u>2006</u>	<u>2005</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 252,399	\$ 160,447
Short-term investment	99,757	89,777
Contributions receivable, net present value	148,893	-
Other receivables:		
Government grants	77,500	17,544
Advances	-	31,600
Other	15,591	8,316
Prepaid expenses	11,379	34,827
Inventory	<u>141,729</u>	<u>91,383</u>
Total current assets	<u>747,248</u>	<u>433,894</u>
<b>CONTRIBUTIONS RECEIVABLE, net of current and at present value</b>	<u>73,458</u>	<u>-</u>
<b>MARKETABLE SECURITIES</b>	<u>1,413,245</u>	<u>1,366,656</u>
<b>PROPERTY AND EQUIPMENT</b>		
Building	624,650	624,650
Furniture and equipment	<u>31,026</u>	<u>20,031</u>
	655,676	644,681
Less accumulated depreciation	<u>82,240</u>	<u>63,294</u>
	573,436	581,387
Land	<u>156,163</u>	<u>156,163</u>
Total property and equipment	<u>729,599</u>	<u>737,550</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,963,550</u>	<u>\$ 2,538,100</u>

## LIABILITIES AND NET ASSETS

	<u>2006</u>	<u>2005</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 163,612	\$ 117,847
Long-term debt, current	11,355	40,212
Accrued pension	17,247	10,870
Accrued vacation	<u>26,247</u>	<u>15,816</u>
Total current liabilities	218,461	184,745
<b>LONG-TERM DEBT, LESS CURRENT</b>	<u>340,762</u>	<u>353,735</u>
Total liabilities	<u>559,223</u>	<u>538,480</u>
<b>NET ASSETS</b>		
Unrestricted	1,102,161	1,074,617
Temporarily restricted	902,631	525,468
Permanently restricted	<u>399,535</u>	<u>399,535</u>
Total net assets	<u>2,404,327</u>	<u>1,999,620</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,963,550</u>	<u>\$ 2,538,100</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**INTERNATIONAL EYE FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2006**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>				
Public support - direct:				
Contributions	\$ 663,982	\$ 72,393	\$ -	\$ 736,375
Grants (nongovernmental)	5,763	416,971	-	422,734
Donated medical supplies	<u>7,125,938</u>	<u>-</u>	<u>-</u>	<u>7,125,938</u>
Total direct	<u>7,795,683</u>	<u>489,364</u>	<u>-</u>	<u>8,285,047</u>
Special event - EyeBall:				
Revenue	43,817	-	-	43,817
Cost of direct benefits to donors	<u>(14,324)</u>	<u>-</u>	<u>-</u>	<u>(14,324)</u>
Net special event - EyeBall	<u>29,493</u>	<u>-</u>	<u>-</u>	<u>29,493</u>
Grants from U.S. Government agencies	<u>603,160</u>	<u>-</u>	<u>-</u>	<u>603,160</u>
Public support - indirect:				
Allocated by Global Impact	<u>38,504</u>	<u>-</u>	<u>-</u>	<u>38,504</u>
Total public support	<u>8,466,840</u>	<u>489,364</u>	<u>-</u>	<u>8,956,204</u>
Other revenue:				
SightReach Surgical sales	262,196	-	-	262,196
Dues	770	-	-	770
Interest and dividends	29,202	28,358	-	57,560
Net unrealized and realized gain (loss) on marketable securities	1,358	28,570	-	29,928
Miscellaneous	<u>2,348</u>	<u>-</u>	<u>-</u>	<u>2,348</u>
Total other revenue	<u>295,874</u>	<u>56,928</u>	<u>-</u>	<u>352,802</u>
Net assets released from restriction – satisfaction of program restrictions	<u>169,129</u>	<u>(169,129)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	<u>8,931,843</u>	<u>377,163</u>	<u>-</u>	<u>9,309,006</u>
<b>EXPENSES:</b>				
Program services:				
Operational programs	1,186,932	-	-	1,186,932
Donated medical supplies	<u>7,132,254</u>	<u>-</u>	<u>-</u>	<u>7,132,254</u>
Total program services	<u>8,319,186</u>	<u>-</u>	<u>-</u>	<u>8,319,186</u>
Supporting services:				
General and administrative	235,326	-	-	235,326
Fund-raising programs	<u>349,787</u>	<u>-</u>	<u>-</u>	<u>349,787</u>
Total supporting services	<u>585,113</u>	<u>-</u>	<u>-</u>	<u>585,113</u>
Total expenses	<u>8,904,299</u>	<u>-</u>	<u>-</u>	<u>8,904,299</u>
<b>CHANGE IN NET ASSETS</b>	27,544	377,163	-	404,707
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,074,617</u>	<u>525,468</u>	<u>399,535</u>	<u>1,999,620</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,102,161</u>	<u>\$ 902,631</u>	<u>\$ 399,535</u>	<u>\$ 2,404,327</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**INTERNATIONAL EYE FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2005**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE, GAINS AND OTHER SUPPORT</b>				
Public support - direct:				
Contributions	\$ 676,925	\$ -	\$ -	\$ 676,925
Grants (nongovernmental)	40,000	176,205	-	216,205
Donated medical supplies	<u>11,673,315</u>	<u>-</u>	<u>-</u>	<u>11,673,315</u>
Total direct	<u>12,390,240</u>	<u>176,205</u>	<u>-</u>	<u>12,566,445</u>
Special event - EyeBall:				
Revenue	57,444	-	-	57,444
Cost of direct benefits to donors	<u>(21,853)</u>	<u>-</u>	<u>-</u>	<u>(21,853)</u>
Net special event - EyeBall	<u>35,591</u>	<u>-</u>	<u>-</u>	<u>35,591</u>
Grants from U.S. Government agencies	<u>732,586</u>	<u>-</u>	<u>-</u>	<u>732,586</u>
Public support - indirect:				
Allocated by Global Impact	<u>55,571</u>	<u>-</u>	<u>-</u>	<u>55,571</u>
Total public support	<u>13,213,988</u>	<u>176,205</u>	<u>-</u>	<u>13,390,193</u>
Other revenue:				
SightReach Surgical sales	305,929	-	-	305,929
Dues	2,030	-	-	2,030
Interest and dividends	35,786	12,552	-	48,338
Net unrealized and realized gain (loss) on marketable securities	<u>(8,849)</u>	<u>39,106</u>	<u>-</u>	<u>30,257</u>
Total other revenue	<u>334,896</u>	<u>51,658</u>	<u>-</u>	<u>386,554</u>
Net assets released from restriction – satisfaction of program restrictions	<u>18,941</u>	<u>(18,941)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	<u>13,567,825</u>	<u>208,922</u>	<u>-</u>	<u>13,776,747</u>
<b>EXPENSES:</b>				
Program services:				
Operational programs	1,143,543	-	-	1,143,543
Donated medical supplies	<u>11,890,894</u>	<u>-</u>	<u>-</u>	<u>11,890,894</u>
Total program services	<u>13,034,437</u>	<u>-</u>	<u>-</u>	<u>13,034,437</u>
Supporting services:				
General and administrative	192,999	-	-	192,999
Fund-raising programs	<u>471,036</u>	<u>-</u>	<u>-</u>	<u>471,036</u>
Total supporting services	<u>664,035</u>	<u>-</u>	<u>-</u>	<u>664,035</u>
Total expenses	<u>13,698,472</u>	<u>-</u>	<u>-</u>	<u>13,698,472</u>
<b>CHANGE IN NET ASSETS</b>	(130,647)	208,922	-	78,275
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,205,264</u>	<u>316,546</u>	<u>399,535</u>	<u>1,921,345</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,074,617</u>	<u>\$ 525,468</u>	<u>\$ 399,535</u>	<u>\$ 1,999,620</u>

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the accompanying summary of significant accounting policies  
and notes to financial statements.

**INTERNATIONAL EYE FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2006**

	Program Services			Supporting Services			
	Operational Programs	Donated Medical Supplies	Total	General and Administrative	Fund- Raising	Total	Total
Salaries	\$ 342,260	\$ -	\$ 342,260	\$ 200,538	\$ 31,749	\$ 232,287	\$ 574,547
Employee benefits	56,811	-	56,811	28,037	4,355	32,392	89,203
Other benefits	65,760	-	65,760	18,401	1,015	19,416	85,176
Materials and training	680	-	680	45	-	45	725
Consultants	26,400	-	26,400	-	-	-	26,400
Registration, dues and fees	9,806	-	9,806	20,353	115,509	135,862	145,668
Mortgage interest	-	-	-	24,761	-	24,761	24,761
Medical supplies	79,264	7,132,254	7,211,518	-	-	-	7,211,518
Medical equipment	124,987	-	124,987	-	-	-	124,987
Office supplies	9,496	-	9,496	5,326	25,350	30,676	40,172
Office equipment	1,992	-	1,992	-	-	-	1,992
Vehicle running costs	34,086	-	34,086	-	-	-	34,086
Postage	447	-	447	2,737	124,208	126,945	127,392
Printing	526	-	526	619	45,877	46,496	47,022
Office maintenance	15,291	-	15,291	5,051	-	5,051	20,342
Shipping and storage	13,230	-	13,230	715	99	814	14,044
Telephone	4,134	-	4,134	3,909	-	3,909	8,043
Survey and evaluation	18,927	-	18,927	-	-	-	18,927
Travel and per diem	87,420	-	87,420	14,260	-	14,260	101,680
Miscellaneous	3,052	-	3,052	3,852	1,625	5,477	8,529
Training	31,737	-	31,737	-	-	-	31,737
Construction	-	-	-	-	-	-	-
Depreciation	-	-	-	18,946	-	18,946	18,946
Subgrants	145,825	-	145,825	-	-	-	145,825
Other insurance	316	-	316	2,261	-	2,261	2,577
Indirect allocation	114,485	-	114,485	(114,485)	-	(114,485)	-
<b>TOTAL EXPENSES</b>	<b><u>\$ 1,186,932</u></b>	<b><u>\$ 7,132,254</u></b>	<b><u>\$ 8,319,186</u></b>	<b><u>\$ 235,326</u></b>	<b><u>\$ 349,787</u></b>	<b><u>\$ 585,113</u></b>	<b><u>\$ 8,904,299</u></b>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**INTERNATIONAL EYE FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2005**

	<u>Program Services</u>			<u>Supporting Services</u>			
	<u>Operational Programs</u>	<u>Donated Medical Supplies</u>	<u>Total</u>	<u>General and Administrative</u>	<u>Fund-Raising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 256,771	\$ -	\$ 256,771	\$ 193,813	\$ 40,457	\$ 234,270	\$ 491,041
Employee benefits	37,376	-	37,376	27,729	6,133	33,862	71,238
Other benefits	24,057	-	24,057	10,466	578	11,044	35,101
Materials and training	2,835	-	2,835	230	-	230	3,065
Consultants	33,795	-	33,795	2,000	-	2,000	35,795
Registration, dues and fees	4,546	-	4,546	21,726	157,858	179,584	184,130
Mortgage interest	-	-	-	26,154	-	26,154	26,154
Medical supplies	233,276	11,890,894	12,124,170	-	-	-	12,124,170
Medical equipment	15,000	-	15,000	-	-	-	15,000
Office supplies	12,763	-	12,763	10,633	30,372	41,005	53,768
Office equipment	3,073	-	3,073	-	-	-	3,073
Vehicle running costs	30,058	-	30,058	-	-	-	30,058
Postage	324	-	324	3,070	171,036	174,106	174,430
Printing	587	-	587	6,149	46,692	52,841	53,428
Office maintenance	15,589	-	15,589	4,348	-	4,348	19,937
Shipping and storage	9,168	-	9,168	146	68	214	9,382
Telephone	5,192	-	5,192	4,220	-	4,220	9,412
Survey and evaluation	10,682	-	10,682	-	-	-	10,682
Travel and per diem	65,912	-	65,912	7,598	15,680	23,278	89,190
Miscellaneous	3,887	-	3,887	1,085	2,162	3,247	7,134
Training	52,389	-	52,389	-	-	-	52,389
Construction	1,388	-	1,388	-	-	-	1,388
Depreciation	-	-	-	17,846	-	17,846	17,846
Subgrants	177,605	-	177,605	-	-	-	177,605
Other insurance	901	-	901	2,155	-	2,155	3,056
Indirect allocation	<u>146,369</u>	<u>-</u>	<u>146,369</u>	<u>(146,369)</u>	<u>-</u>	<u>(146,369)</u>	<u>-</u>
<b>TOTAL EXPENSES</b>	<u>\$ 1,143,543</u>	<u>\$11,890,894</u>	<u>\$ 13,034,437</u>	<u>\$ 192,999</u>	<u>\$ 471,036</u>	<u>\$ 664,035</u>	<u>\$ 13,698,472</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**INTERNATIONAL EYE FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 404,707	\$ 78,275
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	18,946	17,846
Unrealized (gain) loss on marketable securities	(9,551)	28,584
Realized gain on marketable securities	(20,377)	(58,618)
Net change in:		
Contributions receivable	(222,351)	-
Government grants receivable	(59,956)	(17,544)
Advances	31,600	(31,600)
Other receivables	(7,275)	(1,737)
Prepaid expenses	23,448	30,509
Inventory	(50,346)	256,340
Accounts payable	45,765	(85,086)
Accrued pension	6,377	(12,247)
Deferred grant revenue	-	(5,042)
Accrued vacation	10,431	8,320
Refundable advances	-	(30,000)
	<u>171,418</u>	<u>178,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of marketable securities	117,469	848,211
Purchase of marketable securities	(144,110)	(945,978)
Purchase of property and equipment	<u>(10,995)</u>	<u>(1,733)</u>
	<u>(37,636)</u>	<u>(99,500)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on notes payable	<u>(41,830)</u>	<u>(33,364)</u>
	<u>(41,830)</u>	<u>(33,364)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	91,952	45,136
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>160,447</u>	<u>115,311</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 252,399</u>	<u>\$ 160,447</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ 24,761</u>	<u>\$ 26,153</u>

These financial statements should be read only in connection with  
the accompanying summary of significant accounting policies  
and notes to financial statements.

**INTERNATIONAL EYE FOUNDATION**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2006 and 2005**

The International Eye Foundation (IEF) is a nonprofit organization whose purpose is to support and assist with the prevention and cure of blindness throughout the world, and to promote peace and goodwill through its efforts. IEF was incorporated in 1969 under the statutes of the District of Columbia. Significant accounting policies followed by IEF are presented below.

**BASIS OF ACCOUNTING**

The financial statements have been prepared on the accrual basis of accounting and utilize the principles outlined in Statement of Financial Accounting Standards No. 117, which requires IEF to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**CASH AND CASH EQUIVALENTS**

For purposes of the statements of cash flows, IEF considers cash in operating bank accounts, cash on hand, certificates of deposit, and highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**REVENUE RECOGNITION**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenues from federal and other funding sources are recognized when the related expenses are incurred. Expenses charged to federal grants, including allocable indirect costs and fringe benefits, are subject to audit and adjustment. Revenue received in excess of the related expenses is recorded as deferred grant revenue. Grant expenses incurred before the related grant revenue is received are reported as accounts receivable.

**ALLOWANCE FOR DOUBTFUL ACCOUNTS**

IEF utilizes the reserve method of accounting for doubtful accounts. All accounts receivable are considered to be fully collectible, and, as such, no allowance for doubtful accounts has been provided for in these financial statements.

**INTERNATIONAL EYE FOUNDATION**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2006 and 2005**

**INVENTORY**

Inventory on hand consists of medical supplies purchased by IEF to be sold overseas and medical supplies donated to IEF for use in overseas programs. Inventories are presented at estimated average cost.

**MARKETABLE SECURITIES**

Marketable securities are presented in the financial statements at quoted fair values with changes in the fair value reflected in revenue currently. Interest, dividends and realized gains and losses are recorded as revenue when earned. The cost of securities sold is determined by the average cost method. Marketable securities acquired by donation are initially recorded at their fair value at the date of donation. Restricted gains and investment income are included as temporarily restricted support.

**PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost, or, if donated, the fair value at the time of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets (ranging from ten to thirty-nine years).

**FOREIGN CURRENCY TRANSLATION**

Revenues and expenses of IEF's foreign operations are translated at weighted average exchange rates for the period.

**FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**DONATED MATERIALS**

IEF receives contributed medical supplies that are used in its various eye care programs. The donated supplies are recorded as inventory and revenue at their estimated market value on the date of donation. Donated medical supplies received for the years ended June 30, 2006 and 2005 were \$7,125,938 and \$11,673,315, respectively.

**INTERNATIONAL EYE FOUNDATION**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**June 30, 2006 and 2005**

**INCOME TAXES**

IEF is exempt from federal taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. No provision for income taxes is required for the years ended June 30, 2006 and 2005, because IEF had no taxable income from unrelated business activities.

**ESTIMATES**

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**RECLASSIFICATIONS**

Certain reclassifications have been made to the 2005 financial statements to conform to the classifications used in the 2006 financial statements. These reclassifications have no effect on previously reported net assets.

This information is an integral part of the accompanying financial statements.

**INTERNATIONAL EYE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2006 and 2005**

**NOTE 1 – MARKETABLE SECURITIES**

The market value of IEF's marketable securities consists of the following:

	<u>2006</u>	<u>2005</u>
Mutual funds – Bond and equity	\$1,124,807	\$1,104,155
Corporate stock	<u>288,438</u>	<u>262,501</u>
Total	<u>\$1,413,245</u>	<u>\$1,366,656</u>

**NOTE 2 – RESTRICTIONS AND DESIGNATIONS OF NET ASSETS**

**Unrestricted**

Unrestricted net assets include amounts designated by the Board of IEF. The following represents unrestricted net assets:

	<u>2006</u>	<u>2005</u>
Designated by the Board for-		
Dr. John Harry King Memorial Fund	\$ 447,071	\$ 445,777
Undesignated	<u>655,090</u>	<u>628,840</u>
Total	<u>\$1,102,161</u>	<u>\$1,074,617</u>

**INTERNATIONAL EYE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006 and 2005**

**NOTE 2 – RESTRICTIONS AND DESIGNATIONS OF NET ASSETS (CONTINUED)**

**Temporarily Restricted**

Temporarily restricted net assets are restricted for the following:

	<u>2006</u>	<u>2005</u>
Restricted for purpose:		
Berham Eye Hospital Program	\$ 1,365	\$ 1,365
Carrigan-Latin America Program	398,192	347,898
Cameroon Onchocerciasis	10,000	-
Hospital assessment in Latin America	5,000	-
Support for training and sustainability of two eye hospitals in Egypt	213,523	-
Support for training and sustainability of three partners in Latin America and one in Africa	<u>202,158</u>	<u>176,205</u>
Total restricted for purpose	830,238	525,468
Restricted for time	<u>72,393</u>	<u>-</u>
<b>Total</b>	<u>\$ 902,631</u>	<u>\$ 525,468</u>

**Permanently Restricted**

Permanently restricted net assets consist of marketable securities to be held indefinitely. The interest earned is used to support the Latin America programs for restoring sight.

**NOTE 3 – NOTES PAYABLE**

In 2004, IEF refinanced a \$378,310 loan that was secured in 2002 when they purchased the building they now occupy. Interest accrues on the outstanding principal balance at 6.75 percent per year. The loan requires fixed payments of principal and interest of \$2,877 based on a twenty-year amortization period. The loan contains certain financial covenants and is secured by a deed of trust, assignment of leases and rents, and security agreement on IEF's building. The balance of the note was \$352,117 and \$364,882 at June 30, 2006 and 2005, respectively. It matures on May 30, 2014.

**INTERNATIONAL EYE FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2006 and 2005**

**NOTE 3 – NOTES PAYABLE (CONTINUED)**

A \$50,000 note payable secured in 2002 with a balance remaining of \$29,065 at June 30, 2005 was paid in full during the year ended June 30, 2006.

Future maturities on the notes payable are as follows for the years ending June 30:

2007	\$ 11,355
2008	11,880
2009	12,707
2010	13,592
2011 and thereafter	<u>302,583</u>
<b>Total</b>	<u>\$ 352,117</u>

**NOTE 4 – PENSION PLAN**

IEF has a defined contribution pension plan to provide retirement benefits for employees who have met certain service and age requirements. IEF's contribution to the plan is based upon specified percentages of salaries. Contributions for the years ended June 30, 2006 and 2005, were \$63,927 and \$22,044, respectively. IEF also offers a tax deferred annuity plan (TDA) to which employees can make additional contributions. IEF does not contribute to the TDA.

**NOTE 5 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable at their net present value, based on a discount rate of 4.905% consist of the following:

	<u><b>2005</b></u>
Receipts expected in:	
Less than one year	\$ 152,645
One to five years	<u>80,841</u>
	233,486
Less: unamortized discount	<u>11,135</u>
<b>Total</b>	222,351
<b>Less current portion, net of discount</b>	<u>148,893</u>
<b>Long-term portion, net of discount</b>	<u>\$ 73,458</u>

The Organization believes all contributions are collectible.

**INTERNATIONAL EYE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006 and 2005**

**NOTE 6 - CONCENTRATION**

For the years ended June 30, 2006 and 2005, IEF received approximately 28% and 35% respectively of their revenue (excluding non-cash donations) from the federal government.

This information is an integral part of the accompanying financial statements.

**SUPPLEMENTAL INFORMATION**

**INTERNATIONAL EYE FOUNDATION**  
**SCHEDULES OF DEFERRED GRANT REVENUE (GRANT RECEIVABLE)**  
**Years Ended June 30, 2006 and 2005**

	<u>Deferred Grant Revenue Balance at June 30, 2004</u>	<u>Receipts and Adjustments</u>	<u>Expenditures</u>	<u>Grant Receivable Balance at June 30, 2005</u>	<u>Receipts and Adjustments</u>	<u>Expenditures</u>	<u>Grant Receivable Balance at June 30, 2006</u>
A to Z	\$ -	\$ -	\$ -	\$ -	\$ 103,204	\$ (150,203)	\$ (46,999)
Malawi Child Survival	2,736	320,000	(336,228)	(13,492)	256,194	(273,203)	(30,501)
Seeing 2000 – Matching Grant	<u>2,306</u>	<u>390,001</u>	<u>(396,359)</u>	<u>(4,052)</u>	<u>183,806</u>	<u>(179,754)</u>	<u>-</u>
	<u>\$ 5,042</u>	<u>\$ 710,001</u>	<u>\$ (732,587)</u>	<u>\$ (17,544)</u>	<u>\$ 543,204</u>	<u>\$ (603,160)</u>	<u>\$ (77,500)</u>

**INTERNATIONAL EYE FOUNDATION  
SCHEDULE OF PROGRAM SERVICES  
Year Ended June 30, 2006**

	<b>Location</b>			
	<b>Latin America</b>	<b>Africa</b>	<b>Other</b>	<b>Total</b>
<b>EXPENSES:</b>				
Salaries	\$ 5,040	\$ 117,869	\$ 219,351	\$ 342,260
Employee benefits	665	21,777	34,369	56,811
Other benefits	478	45,402	19,880	65,760
Materials and training	-	653	27	680
Consultants	-	388	26,012	26,400
Registration, dues and fees	-	1,156	8,650	9,806
Medical supplies	-	7,107,750	103,768	7,211,518
Medical equipment	-	-	124,987	124,987
Office supplies	-	8,234	1,262	9,496
Office equipment	-	1,992	-	1,992
Vehicle running costs	-	34,086	-	34,086
Postage	-	273	174	447
Printing	-	362	164	526
Office maintenance	-	15,291	-	15,291
Shipping and storage	-	255	12,975	13,230
Telephone	-	3,933	201	4,134
Survey and evaluation	-	1,513	17,414	18,927
Travel and per diem	863	32,073	54,484	87,420
Miscellaneous	-	1,664	1,388	3,052
Training	-	31,737	-	31,737
Subgrants	-	-	145,825	145,825
Other insurance	-	316	-	316
Indirect allocation	-	61,040	53,445	114,485
	<u>\$ 7,046</u>	<u>\$ 7,487,764</u>	<u>\$ 824,376</u>	<u>\$ 8,319,186</u>

**INTERNATIONAL EYE FOUNDATION  
SCHEDULE OF PROGRAM SERVICES  
Year Ended June 30, 2005**

	<b>Location</b>			
	<b>Latin America</b>	<b>Africa</b>	<b>Other</b>	<b>Total</b>
<b>EXPENSES:</b>				
Salaries	\$ -	\$ 112,081	\$ 144,690	\$ 256,771
Employee benefits	-	15,670	21,706	37,376
Other benefits	-	17,032	7,025	24,057
Materials and training	-	2,798	37	2,835
Consultants	-	7,995	25,800	33,795
Registration, dues and fees	-	1,296	3,250	4,546
Medical supplies	7,241	11,882,690	234,239	12,124,170
Medical equipment	15,000	-	-	15,000
Office supplies	-	9,610	3,153	12,763
Office equipment	-	3,073	-	3,073
Vehicle running costs	-	30,058	-	30,058
Postage	-	46	278	324
Printing	-	587	-	587
Office maintenance	-	15,589	-	15,589
Shipping and storage	-	203	8,965	9,168
Telephone	-	4,796	396	5,192
Survey and evaluation	-	5,006	5,676	10,682
Travel and per diem	-	35,042	30,870	65,912
Miscellaneous	20	297	3,570	3,887
Training	-	52,389	-	52,389
Construction	-	1,388	-	1,388
Subgrants	-	-	177,605	177,605
Other insurance	-	901	-	901
Indirect allocation	-	66,844	79,525	146,369
	<u>\$ 22,261</u>	<u>\$ 12,265,391</u>	<u>\$ 746,785</u>	<u>\$ 13,034,437</u>

**INTERNATIONAL EYE FOUNDATION**  
**SCHEDULE OF COMPUTATIONS OF OVERHEAD RATES**  
**Year ended June 30, 2006**

	<u>All Programs Total</u>	<u>Total Fund- Raising</u>	<u>Total Direct Expenses</u>	<u>Total Indirect Expenses</u>	<u>Total Unallowable Expenses</u>	<u>Total Expenses</u>
<b>EXPENSES:</b>						
Salaries	\$ 342,260	\$ 31,749	\$ 374,009	\$ 200,538	\$ -	\$ 574,547
Employee benefits	56,811	4,355	61,166	28,037	-	89,203
Other benefits	65,760	1,015	66,775	18,401	-	85,176
Materials and training	680	-	680	45	-	725
Consultants	26,400	-	26,400	-	-	26,400
Registration, dues and fees	9,806	115,509	125,315	20,353	-	145,668
Mortgage interest	-	-	-	24,761	-	24,761
Medical supplies	79,264	-	79,264	-	7,132,254	7,211,518
Medical equipment	-	-	-	-	124,987	124,987
Office supplies	9,496	25,350	34,846	5,326	-	40,172
Office equipment	-	-	-	-	1,992	1,992
Vehicle running costs	34,086	-	34,086	-	-	34,086
Postage	447	124,208	124,655	2,737	-	127,392
Printing	526	45,877	46,403	619	-	47,022
Office maintenance	15,291	-	15,291	5,051	-	20,342
Shipping and storage	13,230	99	13,329	715	-	14,044
Telephone	4,134	-	4,134	3,909	-	8,043
Survey and evaluation	18,927	-	18,927	-	-	18,927
Travel and per diem	87,420	-	87,420	14,260	-	101,680
Miscellaneous	3,052	15,949	19,001	3,852	-	22,853
Training	31,737	-	31,737	-	-	31,737
Construction	-	-	-	-	-	-
Depreciation	-	-	-	18,946	-	18,946
Subgrants	145,825	-	145,825	-	-	145,825
Other insurance	316	-	316	2,261	-	2,577
<b>TOTAL EXPENSES</b>	<u>\$ 945,468</u>	<u>\$ 364,111</u>	<u>\$ 1,309,579</u>	<u>\$ 349,811</u>	<u>\$ 7,259,233</u>	<u>\$ 8,918,623</u>
			<u>\$ 349,811</u>	26.71%		
			<u>\$ 1,309,579</u>			

**INTERNATIONAL EYE FOUNDATION**  
**SCHEDULE OF COMPUTATIONS OF OVERHEAD RATES**  
**Year ended June 30, 2005**

	<b>All Programs Total</b>	<b>Total Fund- Raising</b>	<b>Total Direct Expenses</b>	<b>Total Indirect Expenses</b>	<b>Total Unallowable Expenses</b>	<b>Total Expenses</b>
<b>EXPENSES:</b>						
Salaries	\$ 256,771	\$ 40,457	\$ 297,228	\$ 193,813	\$ -	\$ 491,041
Employee benefits	37,376	6,133	43,509	27,729	-	71,238
Other benefits	24,057	578	24,635	10,466	-	35,101
Materials and training	2,835	-	2,835	230	-	3,065
Consultants	33,795	-	33,795	2,000	-	35,795
Registration, dues and fees	4,546	157,858	162,404	21,726	-	184,130
Mortgage interest	-	-	-	26,154	-	26,154
Medical supplies	113,109	-	113,109	-	12,011,061	12,124,170
Medical equipment	-	-	-	-	15,000	15,000
Office supplies	12,763	30,372	43,135	10,633	-	53,768
Office equipment	-	-	-	-	3,073	3,073
Vehicle running costs	30,058	-	30,058	-	-	30,058
Postage	324	171,036	171,360	3,070	-	174,430
Printing	587	46,692	47,279	6,149	-	53,428
Office maintenance	15,589	-	15,589	4,348	-	19,937
Shipping and storage	9,168	68	9,236	146	-	9,382
Telephone	5,192	-	5,192	4,220	-	9,412
Survey and evaluation	10,682	-	10,682	-	-	10,682
Travel and per diem	65,912	15,680	81,592	7,598	-	89,190
Miscellaneous	3,887	2,162	6,049	1,085	-	7,134
Training	52,389	-	52,389	-	-	52,389
Construction	1,388	-	1,388	-	-	1,388
Depreciation	-	-	-	17,846	-	17,846
Subgrants	177,605	-	177,605	-	-	177,605
Other insurance	901	-	901	2,155	-	3,056
<b>TOTAL EXPENSES</b>	<b><u>\$ 858,934</u></b>	<b><u>\$ 471,036</u></b>	<b><u>\$ 1,329,970</u></b>	<b><u>\$ 339,368</u></b>	<b><u>\$12,029,134</u></b>	<b><u>\$13,698,472</u></b>
			<u>\$ 339,368</u>	25.52%		
			<u>\$ 1,329,970</u>			