

International Eye Foundation

Audited Financial Statements

June 30, 2008 and 2007

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McLean, Koehler, Sparks & Hammond

Certified Public Accountants/Business Consultants

Independent Auditor's Report

The Board of Directors
International Eye Foundation
Kensington, Maryland

We have audited the accompanying statements of financial position of International Eye Foundation as of June 30, 2008 and 2007 and the related statements of activities, functional expenses and cash flows for the years then ended. 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.

We conducted our audits 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 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 International Eye Foundation as of June 30, 2008 and 2007, 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.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information 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.

McLean, Koehler, Sparks & Hammond

October 7, 2008

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International Eye Foundation

Statements of Financial Position

June 30,	<u>2008</u>	<u>2007</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 660,440	\$ 225,109
Contributions receivable	20,000	79,958
Government grants receivable	61,945	49,083
Other receivables	21,912	23,193
Prepaid expenses	36,020	18,719
Inventory	<u>76,590</u>	<u>93,098</u>
Total current assets	<u>876,907</u>	<u>489,160</u>
Marketable Securities	<u>1,398,909</u>	<u>1,604,032</u>
Property and Equipment:		
Land	156,163	156,163
Building	624,650	624,650
Furniture and equipment	<u>36,011</u>	<u>29,627</u>
Total	816,824	810,440
Less accumulated depreciation	<u>114,175</u>	<u>99,820</u>
Net property and equipment	<u>702,649</u>	<u>710,620</u>
Total Assets	<u>\$ 2,978,465</u>	<u>\$ 2,803,812</u>

	<u>2008</u>	<u>2007</u>
Liabilities and Net Assets		
Current Liabilities:		
Current portion of long-term debt	\$ 12,707	\$ 11,880
Accounts payable	168,231	139,190
Accrued liabilities	43,059	42,617
Deferred grant revenue	<u>346,049</u>	<u>-</u>
Total current liabilities	570,046	193,687
Long-Term Debt		
Total liabilities	<u>316,175</u>	<u>328,882</u>
	<u>886,221</u>	<u>522,569</u>
Net Assets:		
Unrestricted	1,315,909	1,219,980
Temporarily restricted	346,800	661,728
Permanently restricted	<u>429,535</u>	<u>399,535</u>
Total net assets	<u>2,092,244</u>	<u>2,281,243</u>
Total Liabilities and Net Assets	<u>\$ 2,978,465</u>	<u>\$ 2,803,812</u>

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

International Eye Foundation

Statements of Activities

For the year ended June 30, 2008 (with comparative totals for 2007)

	Temporarily Permanently			Total	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Restricted</u>	<u>2008</u>	<u>2007</u>
Revenues					
Support from the public:					
Received directly:					
Contributions	\$ 907,818	\$ -	\$ 30,000	\$ 937,818	\$ 598,546
Grants (nongovernmental)	5,000	24,583	-	29,583	34,286
Donated medical supplies	9,368,493	-	-	9,368,493	3,024,695
Received indirectly - allocated by Global Impact	36,783	-	-	36,783	27,689
Grants from U.S. Government agencies	281,734	-	-	281,734	233,726
Special event fundraiser - Eyeball:					
Revenue	-	-	-	-	35,489
Less: direct benefit costs	-	-	-	-	(11,904)
Net support from special event fundraiser	-	-	-	-	23,585
Total support from the public	10,599,828	24,583	30,000	10,654,411	3,942,527
Other revenue:					
Investment (loss) income	(27,510)	(212,247)	-	(239,757)	269,869
SightReach Surgical sales	344,020	-	-	344,020	457,363
Dues	900	-	-	900	2,262
Miscellaneous	2,031	-	-	2,031	29,525
Total other revenue	319,441	(212,247)	-	107,194	759,019
Net assets released from restriction - satisfaction of program restrictions and passage of time	127,264	(127,264)	-	-	-
Total revenues, gains and other support	11,046,533	(314,928)	30,000	10,761,605	4,701,546
Expenses					
Program services:					
Operational programs	830,417	-	-	830,417	1,118,223
Donated medical supplies	9,379,185	-	-	9,379,185	3,018,722
Total program services	10,209,602	-	-	10,209,602	4,136,945
Supporting services:					
Fundraising	414,837	-	-	414,837	370,554
Management and general	326,165	-	-	326,165	317,131
Total supporting services	741,002	-	-	741,002	687,685
Total expenses	10,950,604	-	-	10,950,604	4,824,630
Change in net assets	95,929	(314,928)	30,000	(188,999)	(123,084)
Net assets at beginning of year	1,219,980	661,728	399,535	2,281,243	2,404,327
Net assets at end of year	\$ 1,315,909	\$ 346,800	\$ 429,535	\$ 2,092,244	\$ 2,281,243

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

International Eye Foundation

Statement of Activities

For the year ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
Support from the public:				
Received directly:				
Contributions	\$ 598,546	\$ -	\$ -	\$ 598,546
Grants (nongovernmental)	30,534	3,752	-	34,286
Donated medical supplies	3,024,695	-	-	3,024,695
Received indirectly - allocated by Global Impact	27,689	-	-	27,689
Grants from U.S. Government agencies	233,726	-	-	233,726
Special event fundraiser - Eyeball:				
Revenue	35,489	-	-	35,489
Less: direct benefit costs	(11,904)	-	-	(11,904)
Net support from special event fundraiser	<u>23,585</u>	<u>-</u>	<u>-</u>	<u>23,585</u>
Total support from the public	<u>3,938,775</u>	<u>3,752</u>	<u>-</u>	<u>3,942,527</u>
Other revenue:				
Investment income	104,855	165,014	-	269,869
SightReach Surgical sales	457,363	-	-	457,363
Dues	2,262	-	-	2,262
Miscellaneous	29,525	-	-	29,525
Total other revenue	<u>594,005</u>	<u>165,014</u>	<u>-</u>	<u>759,019</u>
Net assets released from restriction - satisfaction of program restrictions	<u>409,669</u>	<u>(409,669)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>4,942,449</u>	<u>(240,903)</u>	<u>-</u>	<u>4,701,546</u>
Expenses				
Program services:				
Operational programs	1,118,223	-	-	1,118,223
Donated medical supplies	<u>3,018,722</u>	<u>-</u>	<u>-</u>	<u>3,018,722</u>
Total program services	<u>4,136,945</u>	<u>-</u>	<u>-</u>	<u>4,136,945</u>
Supporting services:				
Fundraising	370,554	-	-	370,554
Management and general	<u>317,131</u>	<u>-</u>	<u>-</u>	<u>317,131</u>
Total supporting services	<u>687,685</u>	<u>-</u>	<u>-</u>	<u>687,685</u>
Total expenses	<u>4,824,630</u>	<u>-</u>	<u>-</u>	<u>4,824,630</u>
Change in net assets	117,819	(240,903)	-	(123,084)
Net assets at beginning of year	<u>1,102,161</u>	<u>902,631</u>	<u>399,535</u>	<u>2,404,327</u>
Net assets at end of year	<u>\$ 1,219,980</u>	<u>\$ 661,728</u>	<u>\$ 399,535</u>	<u>\$ 2,281,243</u>

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

International Eye Foundation

Statements of Functional Expenses

For the year ended June 30, 2008 (with comparative totals for 2007)

	<u>Program Services</u>		
	<u>Operational</u>	<u>Donated</u>	
		<u>Programs</u>	<u>Medical</u>
Salaries	\$ 253,036	\$ -	\$ 253,036
Employee benefits	37,518	-	37,518
Other benefits	13,363	-	13,363
Materials and training	376	-	376
Consultants	2,629	-	2,629
Registration, dues and fees	592	-	592
Interest expense	-	-	-
Medical supplies	104,330	9,379,185	9,483,515
Medical equipment	191,221	-	191,221
Office supplies	5,273	-	5,273
Office equipment	1,645	-	1,645
Vehicle running costs	11,733	-	11,733
Postage	40	-	40
Printing	10	-	10
Office maintenance	4,345	-	4,345
Shipping and storage	10,334	-	10,334
Telephone	895	-	895
Survey and evaluation	-	-	-
Travel and per diem	71,513	-	71,513
Miscellaneous	1,515	-	1,515
Training	3,384	-	3,384
Depreciation	-	-	-
Subgrants	30,504	-	30,504
Other insurance	1,585	-	1,585
Indirect allocation	84,576	-	84,576
Total expenses reported by function	<u>\$ 830,417</u>	<u>\$ 9,379,185</u>	<u>\$10,209,602</u>
Percentage of total functional expenses	<u>7.6%</u>	<u>85.6%</u>	<u>93.2%</u>

<u>Supporting Services</u>			<u>Total</u>	
<u>Fund</u>	<u>Management</u>			
<u>Raising</u>	<u>and General</u>	<u>Sub-Total</u>	<u>2008</u>	<u>2007</u>
\$ 8,647	\$ 248,849	\$ 257,496	\$ 510,532	\$ 532,997
1,459	41,923	43,382	80,900	88,004
380	10,654	11,034	24,397	41,497
-	100	100	476	1,313
62,125	4,965	67,090	69,719	75,608
94,787	23,483	118,270	118,862	87,342
-	22,638	22,638	22,638	23,413
-	-	-	9,483,515	3,397,184
-	-	-	191,221	27,000
26,108	10,974	37,082	42,355	32,982
-	-	-	1,645	-
-	-	-	11,733	5,980
157,990	3,767	161,757	161,797	140,529
55,964	1,461	57,425	57,435	57,564
-	4,660	4,660	9,005	11,218
187	972	1,159	11,493	22,856
-	4,051	4,051	4,946	6,994
-	-	-	-	3,852
4,113	8,403	12,516	84,029	55,218
3,077	2,589	5,666	7,181	5,486
-	-	-	3,384	71
-	19,618	19,618	19,618	18,979
-	-	-	30,504	185,301
-	1,634	1,634	3,219	3,242
-	(84,576)	(84,576)	-	-
<u>\$ 414,837</u>	<u>\$ 326,165</u>	<u>\$ 741,002</u>	<u>\$10,950,604</u>	<u>\$ 4,824,630</u>
<u>3.8%</u>	<u>3.0%</u>	<u>6.8%</u>	<u>100.0%</u>	

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

International Eye Foundation

Statement of Functional Expenses

For the year ended June 30, 2007

	<u>Program Services</u>		
	<u>Operational</u>	<u>Donated</u>	<u>Sub-Total</u>
		<u>Programs</u>	
Salaries	\$ 278,613	\$ -	\$ 278,613
Employee benefits	48,063	-	48,063
Other benefits	25,328	-	25,328
Materials and training	1,030	-	1,030
Consultants	11,601	-	11,601
Registration, dues and fees	144	-	144
Interest expense	-	-	-
Medical supplies	378,462	3,018,722	3,397,184
Medical equipment	27,000	-	27,000
Office supplies	1,757	-	1,757
Office equipment	-	-	-
Vehicle running costs	5,980	-	5,980
Postage	1,826	-	1,826
Printing	156	-	156
Office maintenance	6,190	-	6,190
Shipping and storage	22,371	-	22,371
Telephone	2,056	-	2,056
Survey and evaluation	3,852	-	3,852
Travel and per diem	37,877	-	37,877
Miscellaneous	1,263	-	1,263
Training	71	-	71
Depreciation	-	-	-
Subgrants	185,301	-	185,301
Other insurance	950	-	950
Indirect allocation	78,332	-	78,332
Total expenses reported by function	<u>\$ 1,118,223</u>	<u>\$ 3,018,722</u>	<u>\$ 4,136,945</u>
Percentage of total functional expenses	<u>23.1%</u>	<u>62.6%</u>	<u>85.7%</u>

Supporting Services

Fund	Management		
<u>Raising</u>	<u>and General</u>	<u>Sub-Total</u>	<u>Total</u>
\$ 12,642	\$ 241,742	\$ 254,384	\$ 532,997
1,999	37,942	39,941	88,004
733	15,436	16,169	41,497
-	283	283	1,313
64,007	-	64,007	75,608
67,223	19,975	87,198	87,342
-	23,413	23,413	23,413
-	-	-	3,397,184
-	-	-	27,000
26,393	4,832	31,225	32,982
-	-	-	-
-	-	-	5,980
134,969	3,734	138,703	140,529
56,982	426	57,408	57,564
-	5,028	5,028	11,218
19	466	485	22,856
-	4,938	4,938	6,994
-	-	-	3,852
3,907	13,434	17,341	55,218
1,680	2,543	4,223	5,486
-	-	-	71
-	18,979	18,979	18,979
-	-	-	185,301
-	2,292	2,292	3,242
-	(78,332)	(78,332)	-
<u>\$ 370,554</u>	<u>\$ 317,131</u>	<u>\$ 687,685</u>	<u>\$ 4,824,630</u>
<u>7.7%</u>	<u>6.6%</u>	<u>14.3%</u>	<u>100.0%</u>

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

International Eye Foundation

Statements of Cash Flows

For the years ended June 30,	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ (188,999)	\$ (123,084)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donation of stock	(4,954)	-
Depreciation	19,618	18,979
Amortization of discount on contributions receivable	(7,353)	(3,752)
Realized gain on sale of investments	(27,766)	(35,172)
Unrealized depreciation (appreciation) on investments	378,493	(168,348)
Decrease (increase) in:		
Contributions receivable	67,311	146,144
Government grants receivable	(12,862)	28,417
Other receivables	1,281	(7,602)
Prepaid expenses	(17,301)	(7,340)
Inventory	16,508	48,631
(Decrease) increase in:		
Accounts payable	29,041	(24,422)
Accrued liabilities	442	(876)
Deferred grant revenue	346,049	-
Net cash provided by (used in) operating activities	<u>599,508</u>	<u>(128,425)</u>
Cash flows from investing activities:		
Purchase of investments	(421,447)	(177,843)
Proceeds from sales of investments	280,797	290,333
Purchase of property and equipment	(11,647)	-
Net cash (used in) provided by investing activities	<u>(152,297)</u>	<u>112,490</u>
Cash flows from financing activity - payments on long-term debt	<u>(11,880)</u>	<u>(11,355)</u>
Net increase (decrease) in cash and cash equivalents	435,331	(27,290)
Cash and cash equivalents, beginning of year	<u>225,109</u>	<u>252,399</u>
Cash and cash equivalents, end of year	<u>\$ 660,440</u>	<u>\$ 225,109</u>
Supplemental Cash Flow Information:		
Interest paid	<u>\$ 22,638</u>	<u>\$ 23,413</u>

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

International Eye Foundation

Notes to Financial Statements

For the years ended June 30, 2008 and 2007

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The International Eye Foundation (“Foundation”) 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. Revenue is generated primarily through contributions, private and governmental grants and sales of medical supplies.

Basis of Accounting

The financial statements of the Foundation are prepared on the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No.117, the Foundation is required 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.

Unrestricted net assets – Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets – Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Permanently restricted net assets – Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Foundation’s actions.

International Eye Foundation

Notes to Financial Statements

For the years ended June 30, 2008 and 2007

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments with original maturities of three months or less. The Foundation, at times throughout the year, has or may have had funds on deposit with a financial institution in excess of the Federal Deposit Insurance Corporation insured limits. The Foundation's uninsured cash and cash equivalents total \$599,428 at June 30, 2008. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk from cash and cash equivalents.

Receivables and Allowance for Doubtful Accounts

Receivables are stated at the amount management expects to collect from outstanding balances. Management believes that receivables are fully collectible and no allowance for doubtful accounts is considered necessary as of June 30, 2008 and 2007.

Marketable Securities

Investments in equity and debt securities and mutual funds are recorded at fair market value based on quoted market prices. The effects of changes in the fair market value of these investments are reflected in the Statements of Activities in "investment income" as "unrealized appreciation (depreciation) on investments." "Realized gains and losses", determined using the cost basis of the specific securities sold, are also included in "investment income."

Inventory

Inventory consists of medical supplies that have been purchased by the Foundation to be sold overseas and medical supplies that have been donated for use in overseas programs. Inventory is valued at its average cost.

Property and Equipment and Depreciation

Property and equipment is recorded at cost if purchased, or at fair value if donated. The Foundation capitalizes property and equipment purchases over \$1,000 with an estimated useful life greater than one year. Depreciation of property and equipment is provided using the straight-line method over the assets' estimated useful lives ranging from ten to thirty-nine years. Depreciation expense was \$19,618 and \$18,979 for the years ended June 30, 2008 and 2007, respectively.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions are recognized when an unconditional promise to give is received. Conditional promises to give are recognized in the period the condition is satisfied. Contributions that are temporarily restricted are recorded as unrestricted if the restriction is satisfied in the same year as the contribution is received.

International Eye Foundation

Notes to Financial Statements

For the years ended June 30, 2008 and 2007

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Grants

Grants are conditioned on spending the funds in accordance with the terms of the grant. Funds not spent are generally refundable to the granting agency. The Foundation recognizes revenue from grants as the related expenses are incurred. Funds expended in excess of collections are recorded as "grant receivable." Funds received but not spent are recorded as "deferred revenue" on the Statements of Financial Position.

SightReach Surgical Sales

The Foundation sells new, high-quality ophthalmic medical and surgical supplies to overseas organizations at reduced rates in order to make eye care and surgery affordable to those in need. Revenue from SightReach Surgical sales is recorded when the supplies are shipped.

Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Foundation qualify for a charitable contribution deduction. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Foundation had no net unrelated business income for the years ended June 30, 2008 and 2007.

Functional Allocation of Expenses

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

Financial Risk

The Foundation invests in a professionally managed portfolio that contains equities, bonds, equity and bond mutual funds and money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

International Eye Foundation

Notes to Financial Statements

For the years ended June 30, 2008 and 2007

1. Nature of Activities and Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

Advertising costs are expensed when incurred. Advertising expenses totaled \$250 and \$669 for the years ended June 30, 2008 and 2007, respectively.

Foreign Currency Translation

Revenues and expenses of the Foundation's foreign operations are translated at weighted average exchange rates for the years ended June 30, 2008 and 2007.

International Eye Foundation

Notes to Financial Statements

For the years ended June 30, 2008 and 2007

2. Marketable Securities

Investments consist of the following at June 30:

<u>2008</u>	<u>Cost</u>	<u>Net Unrealized Appreciation (Depreciation)</u>	<u>Fair Value</u>
Investments:			
Equities	\$ 214,512	\$ 135,594	\$ 350,106
Money market funds	12,898	-	12,898
Mutual funds	905,934	(49,343)	856,591
Bond funds	<u>179,521</u>	<u>(207)</u>	<u>179,314</u>
Total	<u>\$ 1,312,865</u>	<u>\$ 86,044</u>	<u>\$ 1,398,909</u>

<u>2007</u>	<u>Cost</u>	<u>Net Unrealized Appreciation (Depreciation)</u>	<u>Fair Value</u>
Equities	\$ 189,817	\$ 186,495	\$ 376,312
Money market funds	8,179	-	8,179
Mutual funds	656,900	292,892	949,792
Bond funds	<u>284,599</u>	<u>(14,850)</u>	<u>269,749</u>
Total	<u>\$ 1,139,495</u>	<u>\$ 464,537</u>	<u>\$ 1,604,032</u>

Investment income consists of the following for the years ended June 30:

	<u>2008</u>	<u>2007</u>
Interest, dividends and capital gains	\$ 110,970	\$ 66,349
Unrealized (depreciation) appreciation on investments	(378,493)	168,348
Realized gains on sale of investments	<u>27,766</u>	<u>35,172</u>
Total	<u>\$ (239,757)</u>	<u>\$ 269,869</u>

Investment fees totaling \$3,991 and \$2,733 are included with "registration, dues and fees" on the Statements of Functional Expenses for the years ended June 30, 2008 and 2007, respectively.

International Eye Foundation

Notes to Financial Statements

For the years ended June 30, 2008 and 2007

2. Investments (continued)

An investment could be considered impaired if its fair value is less than its cost basis. Management feels that all of the investment portfolio unrealized losses are temporary, and no significant losses other than those already recorded will be recognized on these investments. The following schedule summarizes investments in the portfolio that were in a loss position at June 30, 2008.

	<u>Less than 12 months</u>		<u>Greater than 12 months</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Bond funds	\$ 179,314	\$ (207)	\$ -	\$ -	\$ 179,314	\$ (207)
Mutual funds	116,181	(16,358)	374,856	(103,564)	491,037	(119,922)
Equities	<u>49,357</u>	<u>(11,006)</u>	<u>15,829</u>	<u>(6,852)</u>	<u>65,186</u>	<u>(17,858)</u>
	<u>\$ 344,852</u>	<u>\$ (27,571)</u>	<u>\$ 390,685</u>	<u>\$ (110,416)</u>	<u>\$ 735,537</u>	<u>\$ (137,987)</u>

The following schedule summarizes investments in the portfolio that were in a loss position at June 30, 2007.

	<u>Less than 12 months</u>		<u>Greater than 12 months</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Bond funds	\$ 12,968	\$ (206)	\$ 256,781	\$ (14,644)	\$ 269,749	\$ (14,850)
Equities	<u>24,818</u>	<u>(1,387)</u>	<u>2,963</u>	<u>(828)</u>	<u>27,781</u>	<u>(2,215)</u>
	<u>\$ 37,786</u>	<u>\$ (1,593)</u>	<u>\$ 259,744</u>	<u>\$ (15,473)</u>	<u>\$ 297,530</u>	<u>\$ (17,065)</u>

International Eye Foundation

Notes to Financial Statements

For the years ended June 30, 2008 and 2007

3. Contributions Receivable

Contributions receivable consist of the following at June 30:

	<u>2008</u>	<u>2007</u>
Lavelle Foundation	\$ -	\$ 80,841
Bequests receivable	<u>20,000</u>	<u>6,500</u>
Gross receivables	20,000	87,341
Less: unamortized discount	<u>-</u>	<u>7,383</u>
Total	<u>\$ 20,000</u>	<u>\$ 79,958</u>
Amounts due in:		
Less than one year	<u>\$ 20,000</u>	<u>\$ 87,341</u>

The Foundation believes all contributions receivable are fully collectible.

3. Long-Term Debt

During 2002, the Foundation obtained a mortgage note payable for \$400,000 to purchase the building they now occupy. This note was refinanced during 2004. The note bears interest on the outstanding principal balance at a rate of 6.75 percent per year. The note requires monthly principal and interest payments of \$2,877 and will mature on May 30, 2014. The note is secured by a deed of trust, assignment of leases and rents, and a security agreement on the Foundation's building. The balance of this note was \$328,882 and \$340,762 at June 30, 2008 and 2007, respectively. Interest expense totaled \$22,638 and \$23,413 for the years ended June 30, 2008 and 2007, respectively.

Scheduled annual principal payments related to the mortgage note are as follows:

For the Years Ending June 30,	Amount
2009	\$ 12,707
2010	13,592
2011	14,545
2012	15,558
2013	16,633
2014	<u>255,847</u>
Total	<u>\$ 328,882</u>

International Eye Foundation

Notes to Financial Statements

For the years ended June 30, 2008 and 2007

5. Net Assets

Net assets consist of the following at June 30:

	<u>2008</u>	<u>2007</u>
Unrestricted net assets:		
General (undesignated)	\$ 759,137	\$ 698,808
Board designated - Dr. Harry King Memorial Fund	<u>556,772</u>	<u>521,172</u>
	<u>1,315,909</u>	<u>1,219,980</u>
Temporarily restricted net assets:		
Berham Eye Hospital Program	-	1,365
Carrigan - Latin America Program	270,268	514,425
Connecticut Community Fund - Program administration	4,700	-
Artemis Foundation - Support for the River Blindness Program in Cameroon	8,699	-
Support for training and sustainability of two eye hospitals in Egypt	54,987	96,304
Support for training and sustainability of three partners in Latin America and one in Africa	<u>8,146</u>	<u>49,634</u>
	<u>346,800</u>	<u>661,728</u>
Permanently restricted net assets:		
Beach Fund	30,000	-
Carrigan - Latin America Program	<u>399,535</u>	<u>399,535</u>
	<u>429,535</u>	<u>399,535</u>
Total	<u>\$ 2,092,244</u>	<u>\$ 2,281,243</u>

The Foundation's Board of Directors has designated net assets and investments, titled the Dr. Harry King Memorial Fund, to ensure financial stability and enhance future growth for the Foundation.

The permanently restricted net assets consist of marketable securities to be held indefinitely. The investment earnings are unrestricted. The investment earnings from the Carrigan Endowment must be used to support the Latin America programs for sight restoration.

International Eye Foundation

Notes to Financial Statements

For the years ended June 30, 2008 and 2007

6. Special Event Fundraiser

The Foundation typically conducts one fundraising activity annually. Revenue received in advance of the event is recorded as deferred revenue. The Foundation did not conduct a special event fundraiser during the year ended June 30, 2008. The revenue and expenses from this event consist of the following for the year ended June 30, 2007.

Revenue	\$	35,489
Less direct benefit costs		<u>(11,904)</u>
Net support from special event fundraiser	\$	<u>23,585</u>

7. Commitments

The Foundation has entered into an agreement to receive professional fundraising consulting services with regards to its house and prospect direct mail campaigns. The monthly fee for these membership development services is \$3,000. The Foundation has paid additional fees for creative services related to the redesigning and editing of new acquisition and renewal direct mail packages under this agreement. The term of the agreement extends through February 28, 2010; however, the Foundation can terminate the contract at any time with 60 days written notice.

During the year ended June 30, 2007, the Foundation received professional fundraising services related to its direct mail campaigns under an agreement requiring a monthly fee of \$5,500. This agreement expired on March 1, 2008 and was not renewed. Fundraising consulting expenses totaled \$62,125 and \$64,007 for the years ended June 30, 2008 and 2007, and are included with "consultant fees" on the Statements of Functional Expenses.

8. Donated Medical Supplies

The Foundation receives donated medical supplies that are used in various eye care programs. The donated supplies are recorded as inventory and revenue at their estimated market value on the date of donation. When the supplies are shipped to the program locations, their recorded market value is relieved from inventory and included in "donated medical supplies" expense on the Statements of Activities. Donated medical supplies received for the years ended June 30, 2008 and 2007 were \$9,368,493 and \$3,024,695, respectively. Donated medical supplies used in program activities for the years ended June 30, 2008 and 2007 were \$9,379,185 and \$3,018,722, respectively.

International Eye Foundation

Notes to Financial Statements

For the years ended June 30, 2008 and 2007

9. Retirement Plan

The Foundation sponsors a group annuity retirement plan to provide benefit payments for employees who have met certain eligibility requirements as described in the Plan. The Plan is funded entirely by employer contributions. The Foundation contributes 4% of eligible employees' salaries to the Plan. Retirement plan expense totaled \$20,285 and \$36,467 for the years ended June 30, 2008 and 2007, respectively. The Foundation also offers a tax deferred annuity plan (TDA) to which employees can make additional contributions. The Foundation does not contribute to the TDA Plan.

10. New Accounting Interpretation

The Financial Accounting Standard Board (FASB) issued interpretation No. 48, *Accounting for Uncertainty in Income Taxes*. This interpretation clarifies the accounting for uncertainty in income taxes by prescribing a recognition threshold and measurement of a tax position taken or expected to be taken in the tax return. This Interpretation is effective for nonpublic companies by the beginning of the first annual period beginning after December 15, 2007. The Foundation's evaluation of the impact of this Interpretation is not yet determined.

Supplemental Information

International Eye Foundation

Schedules of Government Grants Receivable

For the years ended June 30, 2008 and 2007

	Grants Receivable 6/30/2006	Receipts & Adjustments	Expenditures	Grants Receivable 6/30/2007	Receipts & Adjustments	Expenditures	Grants Receivable 6/30/2008
Malawi Child Survival A to Z	\$ (30,501) (46,999)	\$ 52,923 182,040	\$ (22,422) (150,880)	\$ - (15,839)	\$ - 104,358	\$ - (88,519)	\$ - -
A to Z - Malawi	-	27,181	(60,425)	(33,244)	147,014	(175,715)	(61,945)
	<u>\$ (77,500)</u>	<u>\$ 262,144</u>	<u>\$ (233,727)</u>	<u>\$ (49,083)</u>	<u>\$ 251,372</u>	<u>\$ (264,234)</u>	<u>\$ (61,945)</u>

International Eye Foundation

Schedule of Program Services' Expenses

For the year ended June 30, 2008

	<u>Location</u>			<u>Total</u>
	<u>Latin America</u>	<u>Africa</u>	<u>Other</u>	
Salaries	\$ 36,067	\$ 78,864	\$ 138,105	\$ 253,036
Employee benefits	6,047	5,916	25,555	37,518
Other benefits	1,518	5,686	6,159	13,363
Materials and training	-	376	-	376
Consultants	-	2,629	-	2,629
Registration, dues and fees	-	142	450	592
Medical supplies	1,596	9,365,008	116,911	9,483,515
Medical equipment	2,200	6,659	182,362	191,221
Office supplies	37	4,119	1,117	5,273
Office equipment	-	1,645	-	1,645
Vehicle running costs	-	11,733	-	11,733
Postage	-	-	40	40
Printing	-	10	-	10
Office maintenance	-	4,345	-	4,345
Shipping and storage	-	1,235	9,099	10,334
Telephone	25	771	99	895
Travel and per diem	45,299	21,982	4,232	71,513
Miscellaneous	321	334	860	1,515
Training	-	3,384	-	3,384
Subgrants	9,254	21,250	-	30,504
Other insurance	-	1,585	-	1,585
Indirect allocation	2,734	58,801	23,041	84,576
	<u>\$ 105,098</u>	<u>\$ 9,596,474</u>	<u>\$ 508,030</u>	<u>\$10,209,602</u>

International Eye Foundation

Schedule of Program Services' Expenses

For the year ended June 30, 2007

	<u>Location</u>			<u>Total</u>
	<u>Latin America</u>	<u>Africa</u>	<u>Other</u>	
Salaries	\$ 375	\$ 85,497	\$ 192,741	\$ 278,613
Employee benefits	59	11,510	36,494	48,063
Other benefits	18	12,136	13,174	25,328
Materials and training	60	970	-	1,030
Consultants	-	11,601	-	11,601
Registration, dues and fees	-	144	-	144
Medical supplies	37,522	3,010,348	349,314	3,397,184
Medical equipment	27,000	-	-	27,000
Office supplies	-	726	1,031	1,757
Vehicle running costs	-	5,980	-	5,980
Postage	-	1,548	278	1,826
Printing	-	156	-	156
Office maintenance	-	6,190	-	6,190
Shipping and storage	-	202	22,169	22,371
Telephone	-	1,886	170	2,056
Survey and evaluation	-	3,852	-	3,852
Travel and per diem	1,488	16,794	19,595	37,877
Miscellaneous	-	686	577	1,263
Training	-	71	-	71
Subgrants	27,105	158,196	-	185,301
Other insurance	-	950	-	950
Indirect allocation	3,911	38,470	35,951	78,332
	<u>\$ 97,538</u>	<u>\$ 3,367,913</u>	<u>\$ 671,494</u>	<u>\$ 4,136,945</u>

International Eye Foundation

Schedule of Computations of Overhead Rates

For the year ended June 30, 2008

	All Programs <u>Total</u>	Total Fundraising	Total Direct Expenses	Total Indirect Expenses	Total Unallowable Expenses	Total Expenses
Salaries	\$ 253,036	\$ 8,647	\$ 261,683	\$ 248,849	\$ -	\$ 510,532
Employee benefits	37,518	1,459	38,977	41,923	-	80,900
Other benefits	13,363	380	13,743	10,654	-	24,397
Materials and training	376	-	376	100	-	476
Consultants	2,629	-	2,629	4,965	-	7,594
Registration, dues and fees	592	156,912	157,504	23,483	-	180,987
Interest expense	-	-	-	22,638	-	22,638
Medical supplies	104,330	-	104,330	-	9,379,185	9,483,515
Medical equipment	-	-	-	-	191,221	191,221
Office supplies	5,273	26,108	31,381	10,974	-	42,355
Office equipment	1,645	-	1,645	-	-	1,645
Vehicle running costs	11,733	-	11,733	-	-	11,733
Postage	40	157,990	158,030	3,767	-	161,797
Printing	10	55,964	55,974	1,461	-	57,435
Office maintenance	4,345	-	4,345	4,660	-	9,005
Shipping and storage	10,334	187	10,521	972	-	11,493
Telephone	895	-	895	4,051	-	4,946
Travel and per diem	71,513	4,113	75,626	8,403	-	84,029
Miscellaneous	1,515	3,077	4,592	2,589	-	7,181
Training	3,384	-	3,384	-	-	3,384
Depreciation	-	-	-	19,618	-	19,618
Subgrants	30,504	-	30,504	-	-	30,504
Other insurance	1,585	-	1,585	1,634	-	3,219
	<u>\$ 554,620</u>	<u>\$ 414,837</u>	<u>\$ 969,457</u>	<u>\$ 410,741</u>	<u>\$ 9,570,406</u>	<u>\$ 10,950,604</u>
<u>Indirect expenses</u>	<u>\$ 410,741</u>					
Direct expenses	\$ 969,457	<u>42.37%</u>				

International Eye Foundation

Schedule of Computations of Overhead Rates

For the year ended June 30, 2007

	All Programs <u>Total</u>	Total Fundraising	Total Direct Expenses	Total Indirect Expenses	Total Unallowable Expenses	Total Expenses
Salaries	\$ 278,613	\$ 12,642	\$ 291,255	\$ 241,742	\$ -	\$ 532,997
Employee benefits	48,063	1,999	50,062	37,942	-	88,004
Other benefits	25,328	733	26,061	15,436	-	41,497
Materials and training	1,030	-	1,030	283	-	1,313
Consultants	11,601	-	11,601	-	-	11,601
Registration, dues and fees	144	131,230	131,374	19,975	-	151,349
Interest expense	-	-	-	23,413	-	23,413
Medical supplies	247,452	-	247,452	-	3,149,732	3,397,184
Medical equipment	-	-	-	-	27,000	27,000
Office supplies	1,757	26,393	28,150	4,832	-	32,982
Vehicle running costs	5,980	-	5,980	-	-	5,980
Postage	1,826	134,969	136,795	3,734	-	140,529
Printing	156	56,982	57,138	426	-	57,564
Office maintenance	6,190	-	6,190	5,028	-	11,218
Shipping and storage	22,371	19	22,390	466	-	22,856
Telephone	2,056	-	2,056	4,938	-	6,994
Survey and evaluation	3,852	-	3,852	-	-	3,852
Travel and per diem	37,877	3,907	41,784	13,434	-	55,218
Miscellaneous	1,263	13,584	14,847	2,543	-	17,390
Training	71	-	71	-	-	71
Depreciation	-	-	-	18,979	-	18,979
Subgrants	185,301	-	185,301	-	-	185,301
Other insurance	950	-	950	2,292	-	3,242
	<u>\$ 881,881</u>	<u>\$ 382,458</u>	<u>\$ 1,264,339</u>	<u>\$ 395,463</u>	<u>\$ 3,176,732</u>	<u>\$ 4,836,534</u>
<u>Indirect expenses</u>	<u>\$ 395,463</u>					
Direct expenses	\$ 1,264,339	<u>31.28%</u>				

