



**Combat Blindness**  
INTERNATIONAL

FINANCIAL STATEMENTS

December 31, 2015 and 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Combat Blindness International, Inc.  
Madison, Wisconsin

We have audited the accompanying financial statements of Combat Blindness International, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Combat Blindness International, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
February 26, 2016

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**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2015 and 2014

	2015	2014
<b>ASSETS</b>		
Cash	\$ 470,484	\$ 228,076
Promises to give	-	901,475
Investments	879,201	304,570
Prepaid expenses	938	2,698
Security deposits	750	750
Beneficial interest in assets held by MCF	11,543	11,750
<b>Total assets</b>	<u>\$ 1,362,916</u>	<u>\$ 1,449,319</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 823	\$ 9,489
<b>NET ASSETS</b>		
Unrestricted	282,849	360,586
Temporarily restricted	1,079,244	1,079,244
<b>Total net assets</b>	<u>1,362,093</u>	<u>1,439,830</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,362,916</u>	<u>\$ 1,449,319</u>

See accompanying notes.

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years ended December 31, 2015 and 2014

	2015	2014
<b>UNRESTRICTED NET ASSETS</b>		
REVENUE, GAINS, AND OTHER SUPPORT		
Contributions	\$ 338,536	\$ 462,903
Special events revenue	60,494	98,735
Investment return	(8,133)	30,156
	<u>390,897</u>	<u>591,794</u>
Total unrestricted revenue, gains, and other support	390,897	591,794
EXPENSES		
Program services	345,667	433,869
Management and general	49,464	42,205
Fundraising	73,503	86,373
	<u>468,634</u>	<u>562,447</u>
Total expenses	468,634	562,447
<b>Change in unrestricted net assets</b>	(77,737)	29,347
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	-	952,687
	<u>-</u>	<u>952,687</u>
Change in net assets	(77,737)	982,034
Net assets - beginning of year	<u>1,439,830</u>	<u>457,796</u>
<b>Net assets - end of year</b>	<u><u>\$ 1,362,093</u></u>	<u><u>\$ 1,439,830</u></u>

See accompanying notes.

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years ended December 31, 2015 and 2014

	Program Services	Management and General	Fundraising	2015 Total
Grants and contributions	\$ 285,895	\$ -	\$ -	\$ 285,895
Personnel	34,899	20,643	38,590	94,132
Occupancy	4,706	2,783	5,204	12,693
Bank and credit card fees	-	1,289	-	1,289
Insurance	910	538	1,006	2,454
Professional fees	-	7,675	-	7,675
Postage	1,047	620	1,158	2,825
Supplies	1,047	621	1,158	2,826
Telephone and internet	754	446	833	2,033
Memberships and affiliations	-	4,140	-	4,140
Meetings	-	284	-	284
Printing	3,150	1,864	3,483	8,497
Publicity	-	1,820	-	1,820
Computer and web	13,259	1,602	13,546	28,407
Food and beverage	-	-	5,504	5,504
Staff training	-	1,125	-	1,125
Other	-	4,014	3,021	7,035
<b>Total expenses</b>	<b>\$ 345,667</b>	<b>\$ 49,464</b>	<b>\$ 73,503</b>	<b>\$ 468,634</b>
	Program Services	Management and General	Fundraising	2014 Total
Grants and contributions	\$ 401,592	\$ -	\$ -	\$ 401,592
Personnel	22,972	22,268	43,872	89,112
Occupancy	2,182	2,115	5,170	9,467
Bank and credit card fees	-	1,002	-	1,002
Insurance	607	588	1,159	2,354
Professional fees	-	6,450	-	6,450
Postage	248	241	474	963
Supplies	745	723	8,931	10,399
Telephone and internet	540	524	1,032	2,096
Memberships and affiliations	1,740	2,250	-	3,990
Meetings	-	80	-	80
Printing	1,748	1,694	4,576	8,018
Depreciation	57	55	109	221
Publicity	-	766	3,215	3,981
Computer and web	1,438	1,395	2,747	5,580
Food and beverage	-	-	9,336	9,336
Staff training	-	417	-	417
Other	-	1,637	5,752	7,389
<b>Total expenses</b>	<b>\$ 433,869</b>	<b>\$ 42,205</b>	<b>\$ 86,373</b>	<b>\$ 562,447</b>

See accompanying notes.

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2015 and 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (77,737)	\$ 982,034
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	-	221
Agency endowment return	207	(377)
Net realized and unrealized (gains) losses on investments	19,722	(25,255)
Change in assets and liabilities		
Promises to give	901,475	(901,475)
Prepaid expenses	1,760	(1,123)
Accounts payable	(8,666)	6,306
<b>Net cash flows from operating activities</b>	<b>836,761</b>	<b>60,331</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	27,031	276,362
Interest and dividends earned but reinvested	(14,596)	(6,459)
Payments for purchase of investments	(606,788)	(274,090)
<b>Net cash flows from investing activities</b>	<b>(594,353)</b>	<b>(4,187)</b>
Net change in cash	242,408	56,144
Cash - beginning of year	228,076	171,932
<b>Cash - end of year</b>	<b>\$ 470,484</b>	<b>\$ 228,076</b>

See accompanying notes.

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014

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Combat Blindness International, Inc. (CBI) is a non-profit health organization dedicated to relieving human suffering by preventing and curing blindness among the most vulnerable sectors of society, the young and the old, in the most-needy parts of the world, developing countries.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

CBI is required to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted net assets*—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

*Temporarily restricted net assets*—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

*Permanently restricted net assets*—Net assets that have been restricted by donors to be maintained by CBI in perpetuity.

**Promises to Give**

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Uncollectible promises are written off after management has used reasonable collection efforts and determine the promises will not be collected. All promises to give are due within one year.

**Investments**

Investments in marketable securities with readily determinable fair values are carried at their fair value in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

**Equipment**

Purchases of equipment are recorded at cost. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets. Accumulated depreciation at December 31, 2014 was \$5,818. All fully depreciated equipment was disposed of as of December 31, 2015.

**Contributions**

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions.



**COMBAT BLINDNESS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

**Donated Materials and Services**

Donated materials and services are reflected as contributions in the accompanying financial statements at their fair values at the date of receipt.

**Expense Allocation**

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 program services and supporting activities benefited.

**Income Tax Status**

CBI is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the CBI's tax-exempt purpose is subject to taxation as unrelated business income. In addition, CBI qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

**Date of Management's Review**

Management has evaluated subsequent events through February 26, 2016, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash balances at one financial institution located in Madison Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015, the Foundation's uninsured cash balances totaled \$123,904.

NOTE 3 – LEASE COMMITMENT

CBI entered into an agreement to lease office space effective from December 13, 2013 through February 29, 2016. The lease calls for monthly payments of \$705 increasing to \$749 on February 1, 2015. Lease expense was \$12,693 and \$9,467 for 2015 and 2014.

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015 and 2014

**NOTE 4 – INVESTMENTS**

Investments at December 31, 2015 and 2014 are comprised of the following:

	<u>2015</u>	<u>2014</u>
Money market account	\$ 23,982	\$ 6,709
Exchange traded funds	729,815	80,802
Mutual funds	<u>125,404</u>	<u>217,059</u>
Investments	<u>\$ 879,201</u>	<u>\$ 304,570</u>

Investment return is summarized as follows:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 17,039	\$ 6,795
Net unrealized gains (losses)	(33,822)	14,034
Net realized gains	14,100	11,221
Agency endowment return	(207)	377
Investment fees	<u>(5,243)</u>	<u>(2,271)</u>
Investment return	<u>\$ (8,133)</u>	<u>\$ 30,156</u>

**NOTE 5 – NET ASSETS**

CBI's board of directors has chosen to place the following limitations on unrestricted net assets:

	<u>2015</u>	<u>2014</u>
Undesignated	\$ 250,304	\$ 327,631
Designated for endowment	21,002	21,205
Designated for agency endowment	<u>11,543</u>	<u>11,750</u>
Unrestricted net assets	<u>\$ 282,849</u>	<u>\$ 360,586</u>

Temporarily restricted net assets are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Lebanon project	\$ 174,557	\$ 174,557
Keonjhar project	<u>904,687</u>	<u>904,687</u>
Temporarily restricted net assets	<u>\$ 1,079,244</u>	<u>\$ 1,079,244</u>

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015 and 2014

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**NOTE 6 – ENDOWMENTS**

The Board of Directors established two endowments to ensure the continued existence of CBI. Use of endowment principal requires approval by a majority of the Board.

One of CBI's funds was established as an agency endowment fund at Madison Community Foundation (MCF). When CBI transfers the funds to MCF, it recognizes the transfer as a decrease in cash and an increase in the asset beneficial interest in assets held by MCF. CBI acknowledges that, by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from the Funds if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by MCF. MCF maintains legal ownership of the Funds.

CBI has adopted a statement of investment policy to ensure that all involved parties have a clear understanding of the investment guidelines, goals and objectives for the assets of CBI. Further, the policy establishes the investment horizon for CBI's portfolio, defines and assigns the responsibilities of all involved parties, and clearly defines the parameters and limitations regarding the investment CBI's assets.

The investment objective of CBI's portfolio is to maximize potential return consistent with minimizing overall volatility. Further, while the Board understands the inherent risk associated with an investment portfolio, unnecessary levels of risk should be avoided, and sound asset allocation policies and investment diversification are required to reduce the overall risk profile of the portfolio.

CBI's endowment consists of funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of net assets as of December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total
Endowment	\$ 21,002	\$ -	\$ -	\$ 21,002
Agency endowment	11,543	-	-	11,543
Board designated endowment funds	<u>\$ 32,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,545</u>

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015 and 2014

NOTE 6 – ENDOWMENTS (continued)

Endowment net asset composition by type of net assets as of December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total
Endowment	\$ 21,205	\$ -	\$ -	\$ 21,205
Agency endowment	11,750	-	-	11,750
Board designated endowment funds	<u>\$ 32,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,955</u>

Changes in endowment net assets for the year ended December 31, 2015 and 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total
Endowment net assets beginning of year	\$ 32,955	\$ -	\$ -	\$ 32,955
Investment income	256	-	-	256
Net depreciation	(459)	-	-	(459)
Agency endowment return	(207)	-	-	(207)
Endowment net assets end of year	<u>\$ 32,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,545</u>
	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total
Endowment net assets beginning of year	\$ 31,373	\$ -	\$ -	\$ 31,373
Investment income	339	-	-	339
Net appreciation	866	-	-	866
Agency endowment return	377	-	-	377
Endowment net assets end of year	<u>\$ 32,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,955</u>

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015 and 2014

**NOTE 7 – FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis at December 31, 2015 and 2014 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
2015				
Exchange traded funds	\$ 729,815	\$ 729,815	\$ -	\$ -
Mutual funds	125,404	125,404	-	-
Beneficial interest in assets held by MCF	11,543	-	-	11,543
Investments	<u>\$ 866,762</u>	<u>\$ 855,219</u>	<u>\$ -</u>	<u>\$ 11,543</u>
2014				
Exchange traded funds	\$ 80,802	\$ 80,802	\$ -	\$ -
Mutual funds	217,059	217,059	-	-
Beneficial interest in assets held by MCF	11,750	-	-	11,750
Investments	<u>\$ 309,611</u>	<u>\$ 297,861</u>	<u>\$ -</u>	<u>\$ 11,750</u>

Fair values for exchange traded funds, and mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

CBI's beneficial interest in assets held by the Foundation represents an agreement between CBI and the Foundation in which CBI transfers assets to the Foundation in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to CBI by the Foundation. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2015 and 2014

NOTE 7 – FAIR VALUE MEASUREMENTS (continued)

The following table presents additional information about assets measured at fair value on a recurring basis using significant unobservable inputs:

	Beneficial Interest in Assets Held by Madison Community Foundation	
	2015	2014
Beginning balance	\$ 11,750	\$ 11,373
Change in value of beneficial interest included in change in net assets	(207)	377
Ending balance	\$ 11,543	\$ 11,750

The change in value of beneficial interest included in change in net assets is reported as agency endowment return in investment return on the statements of activities.

NOTE 8 – DONATED SERVICES

Donated services consisted of the following for 2015 and 2014:

	Program Services	Management and General	Fundraising	2015 Total
Grants and contributions	\$ 70,434	\$ -	\$ -	\$ 70,434
Printing	-	338	-	338
Publicity	-	-	900	900
Computer and web	-	-	12,600	12,600
Total	\$ 70,434	\$ 338	\$ 13,500	\$ 84,272
	Program Services	Management and General	Fundraising	2014 Total
Grants and contributions	\$ 13,719	\$ -	\$ -	\$ 13,719
Printing	-	960	-	960
Publicity	-	-	2,400	2,400
Total	\$ 13,719	\$ 960	\$ 2,400	\$ 17,079