



Combat Blindness
INTERNATIONAL

FINANCIAL STATEMENTS
December 31, 2014 and 2013

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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, 2014 and 2013, 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, 2014 and 2013, 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.

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March 11, 2015

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COMBAT BLINDNESS INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash	\$ 228,076	\$ 171,932
Promises to give	901,475	-
Investments	304,570	275,128
Prepaid expenses	2,698	1,575
Security deposits	750	750
Equipment - net	-	221
Beneficial interest in assets held by MCF	11,750	11,373
Total assets	\$ 1,449,319	\$ 460,979
LIABILITIES		
Accounts payable	\$ 9,489	\$ 3,183
NET ASSETS		
Unrestricted	360,586	331,239
Temporarily restricted	1,079,244	126,557
Total net assets	1,439,830	457,796
Total liabilities and net assets	\$ 1,449,319	\$ 460,979

See accompanying notes.

COMBAT BLINDNESS INTERNATIONAL
STATEMENTS OF ACTIVITIES
Years ended December 31, 2014 and 2013

	2014	2013
UNRESTRICTED NET ASSETS		
REVENUE, GAINS, AND OTHER SUPPORT		
Contributions	\$ 462,903	\$ 684,985
Special events revenue	98,735	89,827
Investment return	30,156	13,049
	<u>591,794</u>	<u>787,861</u>
Total unrestricted revenue, gains, and other support	591,794	787,861
EXPENSES		
Program services	433,869	688,529
Management and general	42,205	44,153
Fundraising	86,373	49,415
	<u>562,447</u>	<u>782,097</u>
Total expenses	562,447	782,097
Change in unrestricted net assets	29,347	5,764
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	952,687	75,000
Change in net assets	982,034	80,764
Net assets - beginning of year	457,796	377,032
Net assets - end of year	<u>\$ 1,439,830</u>	<u>\$ 457,796</u>

See accompanying notes.

COMBAT BLINDNESS INTERNATIONAL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended December 31, 2014 and 2013

	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
Total expenses	\$ 433,869	\$ 42,205	\$ 86,373	\$ 562,447
	Program Services	Management and General	Fundraising	2013 Total
Grants and contributions	\$ 658,741	\$ -	\$ -	\$ 658,741
Personnel	13,095	12,347	11,972	37,414
Occupancy	6,988	6,588	9,256	22,832
Bank and credit card fees	-	1,364	-	1,364
Insurance	777	733	710	2,220
Professional fees	-	9,324	7,430	16,754
Postage	1,027	969	939	2,935
Supplies	1,741	1,641	2,305	5,687
Telephone and internet	448	423	410	1,281
Memberships and affiliations	-	2,190	-	2,190
Meetings	-	99	-	99
Printing	3,601	3,395	4,058	11,054
Depreciation	888	837	812	2,537
Publicity	-	208	-	208
Computer and web	1,223	1,152	1,118	3,493
Food and beverage	-	-	7,405	7,405
Staff training	-	575	-	575
Other	-	2,308	3,000	5,308
Total expenses	\$ 688,529	\$ 44,153	\$ 49,415	\$ 782,097

See accompanying notes.

COMBAT BLINDNESS INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 982,034	\$ 80,764
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	221	2,537
Net Investment activity retained in agency endowment	(377)	(1,366)
Net realized and unrealized gains on investments	(25,255)	(6,879)
Change in assets and liabilities		
Promises to give	(901,475)	-
Prepaid expenses	(1,123)	189
Security deposits	-	104
Accounts payable	6,306	2,586
Net cash flows from operating activities	<u>60,331</u>	<u>77,935</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers to endowment	-	(20,000)
Proceeds from sale of investments	276,362	197,094
Interest and dividends earned but reinvested	(6,459)	(6,195)
Payments for purchase of investments	(274,090)	(195,402)
Net cash flows from investing activities	<u>(4,187)</u>	<u>(24,503)</u>
Net change in cash	56,144	53,432
Cash - beginning of year	171,932	118,500
Cash - end of year	<u>\$ 228,076</u>	<u>\$ 171,932</u>

See accompanying notes.

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

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 and 2013 was \$5,818 and \$5,597.

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. When a restriction expires, temporarily

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. In addition, the Foundation 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). CBI's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. CBI is no longer subject to such examinations for years before 2011.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through March 11, 2015, the date which the financial statements were available to be issued.

NOTE 2 – LEASE COMMITMENT

CBI exercised a buyout provision in its previous office space lease ending October 31, 2015 for \$853 per month on August 23, 2013 for \$12,300. CBI entered into an agreement to lease new 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 \$8,464 and \$19,964 for 2014 and 2013. Future minimum rental payments are \$8,949 and \$1,499 for 2015 and 2016.

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 3 – AGENCY ENDOWMENT

CBI established 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 investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the original investment of the endowments.

Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce returns to fund the grants while assuming a moderate level of investment risk. Endowment assets also include those assets of board-designated funds that CBI intends to hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce returns to fund ongoing foundation operations while assuming a moderate level of investment risk. To satisfy its long-term rate-of-return objectives, CBI invests its assets at the Madison Community Foundation.

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. Since the agency endowment funds resulted from internal designations and are not donor-restricted, they are classified and reported as unrestricted net assets.

Changes in the agency endowment consisted of the following for 2014 and 2013:

	2014	2013
Balance - beginning of year	\$ 11,373	\$ 10,007
Investment return	377	1,366
Balance - end of year	\$ 11,750	\$ 11,373

NOTE 4 – NET ASSETS

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

	2014	2013
Undesignated	\$ 327,631	\$ 299,866
Designated for endowment	21,205	20,000
Designated for agency endowment	11,750	11,373
Unrestricted net assets	\$ 360,586	\$ 331,239

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 4 – NET ASSETS (continued)

Temporarily restricted net assets at December 31, 2014 and 2013 are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Lebanon project	\$ 174,557	\$ 126,557
Keonjhar project	904,687	-
Temporarily restricted net assets	<u>\$ 1,079,244</u>	<u>\$ 126,557</u>

NOTE 5 – INVESTMENTS

Investments are comprised of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Money market funds	\$ 6,709	\$ 36,021
Exchange traded funds	80,802	158,260
Mutual funds	217,059	80,847
Investments	<u>\$ 304,570</u>	<u>\$ 275,128</u>

Investment return is summarized as follows:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 6,795	\$ 6,495
Net unrealized gains (losses)	14,034	(961)
Net realized gains	11,221	7,840
Net investment activity from agency endowment	377	1,366
Investment fees	(2,271)	(1,691)
Investment return	<u>\$ 30,156</u>	<u>\$ 13,049</u>

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 6 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2014 and 2013 are as follows:

2014	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
Money market funds	\$ 6,709	\$ 6,709	\$ -	\$ -
Exchange traded funds	80,802	80,802	-	-
Mutual funds	217,059	217,059	-	-
Beneficial interest in assets held by MCF	<u>11,750</u>	<u>-</u>	<u>-</u>	<u>11,750</u>
Investments	<u>\$ 316,320</u>	<u>\$ 304,570</u>	<u>\$ -</u>	<u>\$ 11,750</u>
 2013				
Money market funds	\$ 36,021	\$ 36,021	\$ -	\$ -
Exchange traded funds	158,260	158,260	-	-
Mutual funds	80,847	80,847	-	-
Beneficial interest in assets held by MCF	<u>11,373</u>	<u>-</u>	<u>-</u>	<u>11,373</u>
Investments	<u>\$ 286,501</u>	<u>\$ 275,128</u>	<u>\$ -</u>	<u>\$ 11,373</u>

Fair values for money market funds, 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, 2014 and 2013

NOTE 6 – 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	
	2014	2013
Beginning balance	\$ 11,373	\$ 10,007
Change in value of beneficial interest included in change in net assets	377	1,366
Ending balance	\$ 11,750	\$ 11,373

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

NOTE 7 – ENDOWMENTS

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

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 an endowment. 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.

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 7 – ENDOWMENTS (continued)

Endowment net asset composition by type of net assets as of December 31, 2014 and 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Total</u>
Board designated endowment funds	<u>\$ 21,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,205</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>
Board designated endowment funds	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>

Changes in endowment net assets for the year ended December 31, 2014 and 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Total</u>
Endowment net assets-beginning of year	\$ 20,000	\$ -	\$ -	\$ 20,000
Investment income	339	-	-	339
Net appreciation	866	-	-	866
Endowment net assets-end of year	<u>\$ 21,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,205</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>
Endowment net assets-beginning of year	\$ -	\$ -	\$ -	\$ -
Additions	20,000	-	-	20,000
Endowment net assets-end of year	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 8 – DONATED SERVICES

Donated services consisted of the following for 2014 and 2013:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2014 Total</u>
Grants and contributions	\$ 13,719	\$ -	\$ -	\$ 13,719
Printing	-	960	-	960
Publicity	-	-	2,400	2,400
Total	<u>\$ 13,719</u>	<u>\$ 960</u>	<u>\$ 2,400</u>	<u>\$ 17,079</u>

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2013 Total</u>
Grants and contributions	\$ 26,070	\$ -	\$ -	\$ 26,070
Printing	3,357	1,103	-	4,460
Total	<u>\$ 29,427</u>	<u>\$ 1,103</u>	<u>\$ -</u>	<u>\$ 30,530</u>