



**Combat Blindness**  
INTERNATIONAL

FINANCIAL STATEMENTS

December 31, 2016 and 2015

## CONTENTS

Independent Auditor's Report .....	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses .....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6



## 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, 2016 and 2015, 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, 2016 and 2015, 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 10, 2017

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**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2016 and 2015

	2016	2015
<b>ASSETS</b>		
Cash	\$ 381,832	\$ 470,484
Investments	580,227	879,201
Prepaid expenses	1,150	938
Security deposits	750	750
Beneficial interest in assets held by MCF	12,178	11,543
<b>Total assets</b>	<b>\$ 976,137</b>	<b>\$ 1,362,916</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 5,681	\$ 823
<b>NET ASSETS</b>		
Unrestricted	472,747	282,849
Temporarily restricted	497,709	1,079,244
Total net assets	970,456	1,362,093
<b>Total liabilities and net assets</b>	<b>\$ 976,137</b>	<b>\$ 1,362,916</b>

See accompanying notes.

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years ended December 31, 2016 and 2015

	2016	2015
<b>UNRESTRICTED NET ASSETS</b>		
REVENUE, GAINS, AND OTHER SUPPORT		
Contributions	\$ 404,431	\$ 338,536
Special events revenue	63,431	60,494
Investment return	46,641	(8,133)
	<u>514,503</u>	<u>390,897</u>
Total unrestricted revenue, gains, and other support		
EXPENSES		
Program services	784,444	345,667
Management and general	53,314	49,464
Fundraising	78,382	73,503
	<u>916,140</u>	<u>468,634</u>
Total expenses		
Net assets released from restrictions	<u>591,535</u>	<u>-</u>
Change in unrestricted net assets	189,898	(77,737)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	10,000	-
Net assets released from restrictions	<u>(591,535)</u>	<u>-</u>
Change in temporarily restricted net assets	<u>(581,535)</u>	<u>-</u>
<b>Change in net assets</b>	<b>(391,637)</b>	<b>(77,737)</b>
Net assets - beginning of year	<u>1,362,093</u>	<u>1,439,830</u>
<b>Net assets - end of year</b>	<b><u>\$ 970,456</u></b>	<b><u>\$ 1,362,093</u></b>

See accompanying notes.

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years ended December 31, 2016 and 2015

	Program Services	Management and General	Fundraising	2016 Total
Grants and contributions	\$ 693,672	\$ -	\$ -	\$ 693,672
Personnel	47,611	26,552	37,458	111,621
Occupancy	6,513	3,632	5,124	15,269
Bank and credit card fees	-	820	-	820
Insurance	1,411	775	1,110	3,296
Professional fees	-	8,069	-	8,069
Postage	1,586	884	1,248	3,718
Supplies	1,877	845	1,477	4,199
Telephone and internet	941	525	740	2,206
Memberships and affiliations	4,295	-	-	4,295
Meetings	-	295	-	295
Printing	4,423	2,466	3,480	10,369
Publicity	-	1,875	-	1,875
Computer and web	22,115	2,133	21,260	45,508
Food and beverage	-	-	5,416	5,416
Staff training	-	625	-	625
Other	-	3,818	1,069	4,887
	<u>\$ 784,444</u>	<u>\$ 53,314</u>	<u>\$ 78,382</u>	<u>\$ 916,140</u>
Total expenses				
	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
	<u>\$ 345,667</u>	<u>\$ 49,464</u>	<u>\$ 73,503</u>	<u>\$ 468,634</u>
Total expenses				

See accompanying notes.

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2016 and 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (391,637)	\$ (77,737)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Agency endowment return	(635)	207
Net realized and unrealized (gains) losses on investments	(41,568)	19,722
Change in assets and liabilities		
Promises to give	-	901,475
Prepaid expenses	(212)	1,760
Accounts payable	4,858	(8,666)
<b>Net cash flows from operating activities</b>	<b>(429,194)</b>	<b>836,761</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	350,000	27,031
Interest and dividends earned but reinvested	(3,026)	(14,596)
Purchases of investments	(6,432)	(606,788)
<b>Net cash flows from investing activities</b>	<b>340,542</b>	<b>(594,353)</b>
Net change in cash	(88,652)	242,408
Cash - beginning of year	470,484	228,076
<b>Cash - end of year</b>	<b>\$ 381,832</b>	<b>\$ 470,484</b>

See accompanying notes.

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016 and 2015

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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.

**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.

**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, 2016 and 2015

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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 10, 2017, 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, 2016 and 2015, the Foundation's uninsured cash balances totaled \$132,487 and \$123,904.

NOTE 3 – LEASE COMMITMENT

CBI entered into an agreement to lease office space effective from March 1, 2016 through February 28, 2018. The lease requires monthly payments of \$749 in year 1 and \$793 in year 2. Lease expense for 2016 and 2015 was \$13,769 and \$8,993. Future minimum lease payments for 2017 and 2018 are \$9,434 and \$1,587.

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

**NOTE 4 – INVESTMENTS**

Investments at December 31, 2016 and 2015 are comprised of the following:

	<u>2016</u>	<u>2015</u>
Money market account	\$ 12,543	\$ 23,982
Exchange traded funds	567,684	729,815
Mutual funds	-	125,404
	<u>          </u>	<u>          </u>
Investments	<u>\$ 580,227</u>	<u>\$ 879,201</u>

Investment return for 2016 and 2015 is summarized as follows:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 10,137	\$ 17,039
Net unrealized gains (losses)	43,034	(33,822)
Net realized gains (losses)	(1,466)	14,100
Agency endowment return	635	(207)
Investment fees	(5,699)	(5,243)
	<u>          </u>	<u>          </u>
Investment return	<u>\$ 46,641</u>	<u>\$ (8,133)</u>

**NOTE 5 – NET ASSETS**

CBI's board of directors as of December 31, 2016 and 2015 has chosen to place the following limitations on unrestricted net assets:

	<u>2016</u>	<u>2015</u>
Undesignated	\$ 437,992	\$ 250,304
Designated for endowment	22,577	21,002
Designated for agency endowment	12,178	11,543
	<u>          </u>	<u>          </u>
Unrestricted net assets	<u>\$ 472,747</u>	<u>\$ 282,849</u>

Temporarily restricted net assets at December 31, 2016 and 2015 are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Lebanon project	\$ 113,057	\$ 174,557
Keonjhar project	374,652	904,687
PEEK project	10,000	-
	<u>          </u>	<u>          </u>
Temporarily restricted net assets	<u>\$ 497,709</u>	<u>\$ 1,079,244</u>

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

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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 funds as of December 31, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016 Total</u>
Endowment	\$ 22,577	\$ -	\$ -	\$ 22,577
Agency endowment	<u>12,178</u>	<u>-</u>	<u>-</u>	<u>12,178</u>
Board designated endowment funds	<u>\$ 34,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,755</u>

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

NOTE 6 – ENDOWMENTS (continued)

Endowment net asset composition by type of funds as of December 31, 2015 are as follows:

	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>

Composition and changes in endowment net assets for the years ended December 31, 2016 and 2015 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total
Endowment net assets beginning of year	\$ 32,545	\$ -	\$ -	\$ 32,545
Investment income	306	-	-	306
Net appreciation	1,269	-	-	1,269
Agency endowment return	635	-	-	635
Endowment net assets end of year	<u>\$ 34,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,755</u>
	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>

**COMBAT BLINDNESS INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

**NOTE 7 – FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis at December 31, 2016 and 2015 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)
Exchange traded funds	\$ 567,684	\$ 567,684	\$ -	\$ -
Beneficial interest in assets held by MCF	<u>12,178</u>	<u>-</u>	<u>-</u>	<u>12,178</u>
Investments - 2016	<u>\$ 579,862</u>	<u>\$ 567,684</u>	<u>\$ -</u>	<u>\$ 12,178</u>
Exchange traded funds	\$ 729,815	\$ 729,815	\$ -	\$ -
Mutual funds	125,404	125,404	-	-
Beneficial interest in assets held by MCF	<u>11,543</u>	<u>-</u>	<u>-</u>	<u>11,543</u>
Investments - 2015	<u>\$ 866,762</u>	<u>\$ 855,219</u>	<u>\$ -</u>	<u>\$ 11,543</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, 2016 and 2015

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	
	2016	2015
Beginning balance	\$ 11,543	\$ 11,750
Change in value of beneficial interest included in change in net assets	635	(207)
Ending balance	\$ 12,178	\$ 11,543

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 AND FACILITIES

Donated services and facilities for 2016 and 2015 included in contributions and functional expenses consisted of the following:

	Program Services	Management and General	Fundraising	2016 Total
Doctor services	\$ 24,114	\$ -	\$ -	\$ 24,114
School screenings	2,260	-	-	2,260
Printing	-	135	-	135
Publicity	-	-	875	875
Computer and web	10,800	-	10,800	21,600
Occupancy	1,863	907	2,006	4,776
Total	\$ 39,037	\$ 1,042	\$ 13,681	\$ 53,760
	Program Services	Management and General	Fundraising	2015 Total
Doctor services	\$ 69,112	\$ -	\$ -	\$ 69,112
School screenings	1,312	-	-	1,312
Printing	-	338	-	338
Publicity	-	-	900	900
Computer and web	-	-	12,600	12,600
Total	\$ 70,424	\$ 338	\$ 13,500	\$ 84,262