



Combat Blindness
INTERNATIONAL

FINANCIAL STATEMENTS

December 31, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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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February 16, 2018

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COMBAT BLINDNESS INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash	\$ 237,392	\$ 381,832
Investments	661,102	580,227
Prepaid expenses	945	1,150
Security deposits	750	750
Beneficial interest in assets held by MCF	13,686	12,178
Total assets	\$ 913,875	\$ 976,137
LIABILITIES		
Accounts payable	\$ 2,353	\$ 5,681
Accrued expenses	1,284	-
Grants payable	73,737	-
Total liabilities	77,374	5,681
NET ASSETS		
Unrestricted	589,427	472,747
Temporarily restricted	247,074	497,709
Total net assets	836,501	970,456
Total liabilities and net assets	\$ 913,875	\$ 976,137

See accompanying notes.

COMBAT BLINDNESS INTERNATIONAL, INC.
STATEMENTS OF ACTIVITIES
Years ended December 31, 2017 and 2016

	2017	2016
UNRESTRICTED NET ASSETS		
REVENUE, GAINS, AND OTHER SUPPORT		
Contributions	\$ 467,824	\$ 404,431
Special events revenue	56,793	63,431
Investment return	76,111	46,641
	<u>600,728</u>	<u>514,503</u>
Total unrestricted revenue, gains, and other support	600,728	514,503
EXPENSES		
Program services	570,177	784,444
Management and general	58,841	53,314
Fundraising	120,415	78,382
	<u>749,433</u>	<u>916,140</u>
Total expenses	749,433	916,140
Net assets released from restrictions	<u>265,385</u>	<u>591,535</u>
Change in unrestricted net assets	116,680	189,898
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	14,750	10,000
Net assets released from restrictions	<u>(265,385)</u>	<u>(591,535)</u>
Change in temporarily restricted net assets	<u>(250,635)</u>	<u>(581,535)</u>
Change in net assets	(133,955)	(391,637)
Net assets - beginning of year	<u>970,456</u>	<u>1,362,093</u>
Net assets - end of year	<u>\$ 836,501</u>	<u>\$ 970,456</u>

See accompanying notes.

COMBAT BLINDNESS INTERNATIONAL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended December 31, 2017 and 2016

	Program Services	Management and General	Fundraising	2017 Total
Grants and contributions	\$ 472,263	\$ -	\$ -	\$ 472,263
Personnel	43,834	14,108	41,456	99,398
Occupancy	6,377	2,052	6,031	14,460
Bank and credit card fees	-	1,273	-	1,273
Insurance	1,333	429	1,260	3,022
Professional fees	-	22,791	-	22,791
Postage	391	126	370	887
Supplies	2,836	912	2,682	6,430
Telephone and internet	1,001	322	947	2,270
Memberships and affiliations	4,000	-	-	4,000
Meetings	-	420	-	420
Printing	4,876	1,569	4,611	11,056
Publicity	-	1,626	-	1,626
Computer and web	31,305	356	31,245	62,906
Food and beverage	-	-	7,816	7,816
Staff training	-	669	-	669
Travel	1,961	-	23,722	25,683
Other	-	12,188	275	12,463
Total expenses	\$ 570,177	\$ 58,841	\$ 120,415	\$ 749,433
	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
Total expenses	\$ 784,444	\$ 53,314	\$ 78,382	\$ 916,140

See accompanying notes.

COMBAT BLINDNESS INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (133,955)	\$ (391,637)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Agency endowment return	(1,508)	(635)
Net realized and unrealized gains on investments	(66,507)	(41,568)
Change in assets and liabilities		
Prepaid expenses	205	(212)
Accounts payable	(3,328)	4,858
Accrued expenses	1,284	-
Grants payable	<u>73,737</u>	<u>-</u>
Net cash flows from operating activities	(130,072)	(429,194)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	350,000
Interest and dividends retained in investments	(7,368)	(3,026)
Purchase of investments	<u>(7,000)</u>	<u>(6,432)</u>
Net cash flows from investing activities	<u>(14,368)</u>	<u>340,542</u>
Net change in cash	(144,440)	(88,652)
Cash - beginning of year	<u>381,832</u>	<u>470,484</u>
Cash - end of year	<u><u>\$ 237,392</u></u>	<u><u>\$ 381,832</u></u>

See accompanying notes.

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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-neediest 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.

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 restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 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 16, 2018, 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, the Foundation's uninsured cash balances that totaled \$132,487. There was no uninsured cash balances at December 31, 2017.

NOTE 3 – LEASE COMMITMENT

CBI entered into an agreement to lease office space effective from March 1, 2016 through February 28, 2018. The lease calls for monthly payments of \$749 increasing annually. Lease expense for 2017 and 2016 was \$13,460 and \$13,769. Future minimum lease payments for 2018, 2019, and 2020 are \$9,522, \$9,760, and \$1,635.

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 4 – INVESTMENTS

Investments at December 31, 2017 and 2016 are comprised of the following:

	<u>2017</u>	<u>2016</u>
Money market account	\$ 13,961	\$ 12,543
Exchange traded funds	630,348	567,684
Mutual funds	<u>16,793</u>	<u>-</u>
Investments	<u>\$ 661,102</u>	<u>\$ 580,227</u>

Investment return at December 31, 2017 and 2016 is summarized as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 13,691	\$ 10,137
Net unrealized gains	46,203	43,034
Net realized gains (losses)	20,304	(1,466)
Agency endowment return	1,508	635
Investment fees	<u>(5,595)</u>	<u>(5,699)</u>
Investment return	<u>\$ 76,111</u>	<u>\$ 46,641</u>

NOTE 5 – GRANTS PAYABLE

CBI had previously given a grant of \$73,737 to Right to Sight to build a clinic. Because the clinic was not completed during the grant period and has yet to be completed, the full amount of the grant was returned to CBI during 2017. CBI and Right to Sight are both committed to the project and CBI will pay out \$10,000 annually to Right to Sight until the full grant is returned.

NOTE 6 – NET ASSETS

CBI's board of directors has chosen to place the following limitations on unrestricted net assets at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Undesignated	\$ 549,216	\$ 437,992
Designated for endowment	26,525	22,577
Designated for agency endowment	<u>13,686</u>	<u>12,178</u>
Unrestricted net assets	<u>\$ 589,427</u>	<u>\$ 472,747</u>

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 6 – NET ASSETS (continued)

Temporarily restricted net assets are available for the following purposes at December 31, 2017 and 2016:

	2017	2016
Lebanon project	\$ 122,806	\$ 113,057
Keonjhar project	109,268	374,652
PEEK project	10,000	10,000
Travel expenses	5,000	-
Temporarily restricted net assets	\$ 247,074	\$ 497,709

NOTE 7 – 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.

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 7 – ENDOWMENTS (continued)

Endowment net asset composition by type of net assets as of December 31, 2017:

	<u>Unrestricted</u>	<u>2017 Total</u>
Endowment	\$ 26,525	\$ 26,525
Agency endowment	<u>13,686</u>	<u>13,686</u>
Board designated endowment funds	<u>\$ 40,211</u>	<u>\$ 40,211</u>

Endowment net asset composition by type of net assets as of December 31, 2016:

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

Changes in endowment net assets for the year ended December 31, 2017:

	<u>Unrestricted</u>	<u>2017 Total</u>
Endowment net assets beginning of year	\$ 34,755	\$ 34,755
Investment income	270	270
Net appreciation	3,678	3,678
Agency endowment return	<u>1,508</u>	<u>1,508</u>
Endowment net assets end of year	<u>\$ 40,211</u>	<u>\$ 40,211</u>

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 7 – ENDOWMENTS (continued)

Changes in endowment net assets for the year ended December 31, 2016:

	Unrestricted	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>\$ 34,755</u>

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NOTE 8 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2017 and 2016 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 3)
2017			
Exchange traded funds	\$ 630,348	\$ 630,348	\$ -
Mutual funds	16,793	16,793	-
Beneficial interest in assets held by MCF	13,686	-	13,686
Investments	<u>\$ 660,827</u>	<u>\$ 647,141</u>	<u>\$ 13,686</u>
2016			
Exchange traded funds	\$ 567,684	\$ 567,684	\$ -
Beneficial interest in assets held by MCF	12,178	-	12,178
Investments	<u>\$ 579,862</u>	<u>\$ 567,684</u>	<u>\$ 12,178</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.

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 8 – FAIR VALUE MEASUREMENTS (continued)

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.

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	
	2017	2016
Beginning balance	\$ 12,178	\$ 11,543
Change in value of beneficial interest included in change in net assets	1,508	635
Ending balance	\$ 13,686	\$ 12,178

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 9 – DONATED SERVICES AND FACILITIES

Donated services and facilities consisted of the following for 2017:

	Program Services	Management and General	Fundraising	2017 Total
Medical services	\$ 24,289	\$ -	\$ -	\$ 24,289
School screenings	2,487	-	-	2,487
Legal services	-	1,080	-	1,080
Financial services	-	1,600	-	1,600
Printing	-	135	-	135
Publicity	-	-	975	975
Computer and web	22,500	-	22,500	45,000
Occupancy	2,106	678	1,992	4,776
Total	\$ 51,382	\$ 3,493	\$ 25,467	\$ 80,342

COMBAT BLINDNESS INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 9 – DONATED SERVICES AND FACILITIES (continued)

Donated medical services of \$14,700, legal services of \$1,080 and financial services of \$1,600 for 2017 are considered related party transactions as those services were provided by CBI board members.

Donated services and facilities consisted of the following for 2016:

	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
	<u>\$ 39,037</u>	<u>\$ 1,042</u>	<u>\$ 13,681</u>	<u>\$ 53,760</u>

Donated medical services totaling \$17,884 for 2016 are considered related party transactions as those services were provided by CBI board members.