

Project Orbis International, Inc.

Financial Statements and Supplementary Information Year Ended December 31, 2018

Project Orbis International, Inc.

Financial Statements and Supplementary Information
Year Ended December 31, 2018

Project Orbis International, Inc.

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Independent Auditor's Report

Board of Directors
Project Orbis International, Inc.
New York, New York

We have audited the accompanying financial statements of Project Orbis International, Inc. (Orbis), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 Orbis'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 Project Orbis International, Inc. as of December 31, 2018, and the results of its changes in net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit of the financial statements was conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented on page 20 of this report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and to other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Project Orbis International, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 13, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

July 31, 2019

Project Orbis International, Inc.

Statement of Financial Position (with comparative totals for 2017)

<i>December 31,</i>	2018	2017
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 13,034,227	\$ 12,627,123
Contributions receivable, net, current portion (Notes 2 and 4)	4,450,981	2,813,983
Accounts receivable from affiliates (Notes 2 and 9)	2,257,519	1,355,488
Prepaid expenses and other assets	1,436,930	1,211,066
Total Current Assets	21,179,657	18,007,660
Contributions Receivable, Net, less current portion (Notes 2 and 4)	-	50,000
Inventory of Medical Supplies (Note 2)	2,502,725	2,088,247
Investments, at fair value (Notes 2 and 5)	6,653,223	7,052,049
Property and Equipment, Net (Notes 2 and 6)	35,133,657	37,391,720
Total Assets	\$ 65,469,262	\$ 64,589,676
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,542,672	\$ 2,280,050
Accrued compensation and related expenses	1,042,288	695,374
Total Current Liabilities	3,584,960	2,975,424
Deferred Rent (Note 11)	212,239	229,683
Total Liabilities	3,797,199	3,205,107
Commitments and Contingencies (Notes 2, 10, 11 and 12)		
Net Assets (Notes 2 and 7)		
Without donor restrictions	48,800,429	47,456,154
With donor restrictions	12,871,634	13,928,415
Total Net Assets	61,672,063	61,384,569
Total Liabilities and Net Assets	\$ 65,469,262	\$ 64,589,676

See accompanying notes to financial statements.

Project Orbis International, Inc.

Statement of Activities (with comparative totals for 2017)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total	
			2018	2017
Support and Revenue				
Special event revenue	\$ 2,864,965	\$ -	\$ 2,864,965	\$ 3,067,824
Less: direct costs to donors	850,503	-	850,503	931,895
Net Fundraising Events	2,014,462	-	2,014,462	2,135,929
Contributions	21,171,284	14,930,777	36,102,061	37,154,775
Revenue from affiliates (Notes 2 and 10)	10,184,809	-	10,184,809	6,921,525
Gifts in-kind and contributed professional services (Notes 2 and 8)	198,045,447	-	198,045,447	166,128,824
Investment income, net	128,264	-	128,264	488,265
Miscellaneous income	241,400	-	241,400	950,751
Net assets released from restrictions for program restriction (Note 7)	15,987,558	(15,987,558)	-	-
Total Support and Revenue	247,773,224	(1,056,781)	246,716,443	213,780,069
Expenses				
Program services	228,156,288	-	228,156,288	193,925,170
Management and general	8,031,732	-	8,031,732	7,277,191
Fundraising	9,558,897	-	9,558,897	9,022,074
Total Expenses	245,746,917	-	245,746,917	210,224,435
Excess (Deficit) of Support and Revenue Over Expenses, before other changes	2,026,307	(1,056,781)	969,526	3,555,634
Other Changes				
Foreign currency translation loss (Note 2)	(336,907)	-	(336,907)	(35,087)
Reduction in value of inventory due to obsolescence	(345,125)	-	(345,125)	(321,713)
Change in Net Assets	1,344,275	(1,056,781)	287,494	3,198,834
Net Assets, beginning of year	47,456,154	13,928,415	61,384,569	58,185,735
Net Assets, end of year	\$ 48,800,429	\$ 12,871,634	\$ 61,672,063	\$ 61,384,569

See accompanying notes to financial statements.

Project Orbis International, Inc.

Statement of Functional Expenses (with comparative totals for 2017)

Year ended December 31,

	Program Services	Management and General	Fundraising	Total	
				2018	2017
Salaries and Fringe Benefits					
Salaries	\$ 8,316,786	\$ 4,248,620	\$ 3,306,029	\$ 15,871,435	\$ 13,073,969
Employee benefits and payroll taxes	1,455,140	881,587	481,032	2,817,759	2,302,991
Total Salaries and Fringe Benefits	9,771,926	5,130,207	3,787,061	18,689,194	15,376,960
Other Expenses					
Contributed professional services	1,214,157	-	831,382	2,045,539	1,078,779
Professional fees and contract service payments	1,093,289	685,727	589,685	2,368,701	1,842,263
Travel, conferences and meetings	2,446,451	288,359	266,844	3,001,654	2,479,188
Faculty costs	538,764	219	-	538,983	415,263
Medical supplies (Note 8)	195,558,560	-	-	195,558,560	158,922,665
Supplies, registrations, and other expense	111,443	217,283	101,299	430,025	392,254
Equipment rental and maintenance	593,645	360,305	60,519	1,014,469	775,984
Occupancy and related expenses	700,164	589,582	351,935	1,641,681	1,531,820
Printing, mailings and publications	233,170	67,785	837,372	1,138,327	1,215,669
Postage and communications	250,493	135,947	1,160,718	1,547,158	1,589,289
Insurance	469,470	133,411	78,314	681,195	532,440
Aircraft operations and fuel	1,784,499	35	-	1,784,534	2,366,352
Advertising and promotional expenses	366,896	102,890	1,167,468	1,637,254	1,326,050
Program expense and other	752,759	2,435	-	755,194	557,783
Program partner expenses	9,316,127	130,765	-	9,446,892	14,306,959
Fellowships	124,294	234	-	124,528	238,040
Affiliate development				-	1,021,576
Miscellaneous	401,323	89,458	291,974	782,755	1,604,998
Total Expenses, before depreciation and amortization	225,727,430	7,934,642	9,524,571	243,186,643	207,574,332
Depreciation and Amortization	2,428,858	97,090	34,326	2,560,274	2,650,103
Total Expenses	\$ 228,156,288	\$ 8,031,732	\$ 9,558,897	\$ 245,746,917	\$ 210,224,435

See accompanying notes to financial statements.

Project Orbis International, Inc.

Statement of Cash Flows (with comparative totals for 2017)

<i>Year ended December 31,</i>	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ 287,494	\$ 3,198,834
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	2,560,274	2,650,103
Realized (gain) on investments	(490,184)	(348,697)
Unrealized loss on investments	544,924	21,128
Donated investments	(352,483)	-
Loss on disposal of property and equipment	85,738	1,706
Inventory obsolescence	345,125	321,713
Change in present value of contributions receivable	(589)	(553)
Change in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	(1,586,409)	(1,587,056)
Accounts receivable from affiliates	(902,031)	650,207
Inventory of medical supplies	(759,603)	(1,350,989)
Prepaid expenses and other assets	(225,864)	(475,205)
Increase (decrease) in liabilities:		
Accounts and accrued expenses payable	262,622	952,320
Accrued compensation and related expenses	346,914	198,600
Deferred rent	(17,444)	(17,444)
Net Cash Provided by Operating Activities	98,484	4,214,667
Cash Flows from Investing Activities		
Purchases of equipment	(387,949)	(570,062)
Purchases of investments	(1,190,321)	(1,450,134)
Proceeds from sales of investments	1,886,890	1,236,873
Net Cash Provided by (Used in) Investing Activities	308,620	(783,323)
Increase in Cash and Cash Equivalents	407,104	3,431,344
Cash and Cash Equivalents, beginning of year	12,627,123	9,195,779
Cash and Cash Equivalents, end of year	\$ 13,034,227	\$ 12,627,123

See accompanying notes to financial statements.

Project Orbis International, Inc.

Notes to Financial Statements

1. Description of the Organization

Project Orbis International, Inc. (Orbis) is a not-for-profit, humanitarian organization headquartered in New York City with offices in a number of countries. Orbis prevents blindness and restores sight for millions worldwide while promoting peaceful cooperation among all nations. Orbis provides medical education and transfers skills by exchanging and demonstrating current surgical, medical, community health, and technical techniques. These programs are comprised of long-term country-based programs, the MD-10 flying eye hospital, and CyberSight - the Orbis telemedicine program.

Orbis has affiliated organizations in Canada, Ireland, Macau SAR, South Africa, Singapore and the United Kingdom, all of which are organized with a common mission to that of Orbis. These affiliated organizations operate under an agreement with Orbis, which provides for the use of the Orbis name, logo and trademark. Orbis does not have a majority voting interest in the board of these affiliated organizations. The accompanying financial statements do not include the financial position, changes in net assets and cash flows of these affiliated organizations, which is not required under generally accepted accounting principles.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of Orbis have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

With Donor Restrictions - Net assets with donor restrictions consists of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Orbis reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Orbis has elected to present donor-restricted contributions as without donor restrictions if the donor-imposed requirements are met in the same reporting period of receipt. When a donor restriction expires - that is, when a stipulated time restriction ends or purpose restriction is accomplished - the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Without Donor Restrictions - This class consists of the part of net assets that is not subject to donor-imposed stipulations and are, therefore, available for the general operations of Orbis. The net assets without donor restrictions are used to account for all resources over which the Board of Directors has discretionary control. Gains and losses on investments are reported as increases or decreases in

Project Orbis International, Inc.

Notes to Financial Statements

net assets without donor restrictions, unless their use is restricted by donors or by law. Expenses are reported as decreases in net assets without donor restrictions

Cash and Cash Equivalents

Orbis considers all highly liquid instruments with original maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents are recorded at cost, which approximates fair market value.

Fair Value Measurements

Accounting Standards Codification (ASC) 820, "Fair Value Measurement," establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as Orbis would use in pricing Orbis's asset or liability based on independently derived and objectively determinable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of Orbis are traded. Orbis estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers administering each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include equity securities and publicly traded mutual funds that are actively traded on a major exchange or over-the-counter market.

Level 2 - Valuation is based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly, such as municipal bonds. The fair value of municipal bonds is estimated using recently executed transactions, bid/asked prices and pricing models that factor in, where applicable, interest rates, bond spreads and volatility.

Level 3 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private equity investments.

Investment return, net is recognized in the statement of activities when earned and consists of interest, dividends, realized and unrealized gains and losses, less any direct external investment expenses. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

Contributions and Accounts Receivable from Affiliates

Orbis reports unconditional promises to give as contributions when pledges are made. If contributions receivable are to be paid to Orbis over a period greater than one year, they are recorded at the present value of their estimated future cash flows using the effective discount rate.

Project Orbis International, Inc.

Notes to Financial Statements

Orbis does not provide an allowance for doubtful accounts. Doubtful accounts are written off as they are deemed by management to be uncollectible.

Contributions and Revenues from Affiliates

Contributions are recorded as revenue when unsolicited cash is received. Contributions are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor stipulations. Revenues from affiliates are recognized when earned.

Gifts In-Kind and Contributed Professional Services

Many volunteers, including experts in various fields (ophthalmologists, biomedical engineers, anesthesiologists, nurses, airplane pilots and mechanics), have donated significant amounts of their time and other services to benefit Orbis's activities. The accompanying statement of activities reflects the estimated fair market value of the contributed professional services that require specialized skills provided by individuals possessing those skills and which would typically be purchased if not provided.

Gifts in-kind for medical supplies and others are recorded at their fair value at date of receipt. The amounts reflected in the accompanying financial statements as contributions in-kind are offset by like amounts included in expenses. Orbis determines fair value of medical supplies based upon the pricing source inputs.

Gift in-kind expense for certain medical supplies is recorded when the medical supplies are distributed for program use.

Property and Equipment

Property and equipment are recorded based on historical cost. Property and equipment are capitalized at cost (or fair value, if donated). Such assets are depreciated over their estimated useful lives, which range from 3 to 20 years, using the straight-line method. Leasehold improvements are amortized over the lesser of their useful lives or the term of the applicable lease. Applicable software development costs are mainly capitalized in the development stage and amortized on a straight-line basis over its useful life when the software is ready for its intended use.

Impairment of Fixed Assets

Orbis follows the provisions of ASC 360-10, "Accounting for the Impairment or Disposal of Long-Lived Assets," which requires Orbis to review long-lived assets, including property and equipment and intangible assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the future cash flows from the use of the asset are less than the carrying amount of the asset. As of December 31, 2018 and 2017 respectively, there have been no such losses.

Inventory of Medical Supplies

Inventory is stated at cost or, in the case of certain gifts in-kind, at the fair market value (approximate wholesale value in the United States) at the date of the gift. Inventory determined not to be useable by Orbis or host medical programs is written off when so identified as obsolete.

Project Orbis International, Inc.

Notes to Financial Statements

Risks and Uncertainties

Orbis's investments consist of a variety of investment securities and investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of Orbis's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Income Taxes

Orbis was incorporated in the State of New York and is exempt from federal and state income taxes under Section 501c(3) of the Internal Revenue Code (the Code). Accordingly, no provision for income taxes has been made in the accompanying financial statements. Orbis has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Code.

Under ASC 740, "Income Taxes," an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. Orbis does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. Orbis has filed for and received income tax exemptions in the jurisdictions it is required to do so. Additionally, Orbis has filed IRS Form 990 information returns as required and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2018 and 2017 respectively, there were no interest or penalties recorded or included in the statement of activities. Orbis is subject to routine audits by a taxing authority. As of December 31, 2018 and 2017 respectively, Orbis was not subject to any examination by a taxing authority. Management believes it is no longer subject to income tax examinations for the years prior to 2015.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject Orbis to a concentration of credit risk are cash accounts with major financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

Foreign Currency Translation

Orbis has offices in a number of countries. Assets and liabilities for these foreign branch offices are translated at the rates of exchange at the balance sheet date, while income statement accounts are translated at the average exchange rates in effect during the period. Orbis manages the currency risk by maintaining the significant portion of its assets and liabilities in U.S. dollars. The effect of such translation adjustments for the years ended December 31, 2018 and 2017 was to decrease net assets by \$336,907 and \$35,087, respectively.

Project Orbis International, Inc.

Notes to Financial Statements

Functional Allocation of Expenses

Costs related to the various Orbis programs and supporting activities have been summarized on a functional basis in the accompanying statement of activities and the schedule of functional expenses. Costs that can generally be directly identified with the program, fundraising, or supporting services to which they relate are charged accordingly. Common costs have been allocated amongst program, fundraising, and supporting services as determined by management. Common costs include office rent, insurance, telephone, maintenance, equipment rental, and utilities and mainly relates to the New York Office. These costs are allocated amongst each function on the basis of the number of employees in that function.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Orbis's financial statements for the year ended December 31, 2017 from which the summarized information was derived.

Reclassifications

Certain prior-year amounts were reclassified to conform to current-year presentation.

Recently Adopted Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, "Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities." The ASU amends the current reporting model for nonprofit foundations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions"; (b) modifying the presentation of underwater endowment funds and related disclosures on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise; (c) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs; (d) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (e) presenting investment return net of external and direct expenses and (f) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for Orbis's financial statements for fiscal years beginning after December 15, 2017. The provisions of the ASU must be applied on a retrospective basis for all years presented. These financial statements reflect that change.

Project Orbis International, Inc.

Notes to Financial Statements

Accounting Pronouncements Issued but Not Yet Adopted

Accounting for Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, "Accounting for Leases," which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability.

At inception, lessees must classify all leases as either finance or operating based on five criteria.

Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The amendments are effective for fiscal years beginning after December 15, 2019. Management is currently evaluating the impact of the pending adoption of ASU 2016-02.

Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also issued ASU 2015-14, which deferred the effective date for the entity until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

Project Orbis International, Inc.

Notes to Financial Statements

3. Liquidity and Availability of Resources

The following table reflects Orbis's financial assets as of December 31, 2018 reduced by amounts not available for general operating expenses within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or assets held for a specific purpose.

December 31, 2018

Total Current Assets	\$	21,179,657
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Purpose restriction:		
Prepaid expenses and other assets	(1,436,930)	
Restricted by donor with time or purpose restrictions	(12,871,634)	
Total Financial Assets Available to Management for General Expenditure Within One Year	\$	6,871,093

Liquidity Management

As part of Orbis's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, Orbis has a committed line of credit in the amount of \$3,000,000, which it could draw upon with approval from the Board of Directors.

4. Contributions and Accounts Receivable

Orbis's contributions and accounts receivable are expected to be realized in the following periods:

<i>December 31,</i>	2018		2017	
In less than one year	\$	6,708,500	\$	2,813,983
Between one and five years		-		50,000
Total	\$	6,708,500	\$	2,863,983

Total contributions from members of the Board of Directors were \$454,671 and \$324,329 for the years ended December 31, 2018 and 2017, respectively.

5. Fair Value Measurements

The following is a description of the valuation methodologies and inputs used for investments. There have been no changes in methodologies for the year ended December 31, 2018.

Cash with broker is valued at cost, which approximates fair value.

The exchange-traded funds are valued on a daily basis at the close of business day. Each exchange-traded fund's net asset value (NAV) is the value of a single share that is actively traded on national securities exchanges. These investments are classified as Level 1.

Project Orbis International, Inc.

Notes to Financial Statements

The summary of inputs used to value Orbis's investments that are carried at fair value is as follows:

December 31, 2018

	Fair Value		Level 1
Cash with broker	\$	92,740	\$ 92,740
Exchange-traded funds:			
Equity		1,681,066	1,681,066
Fixed income		4,338,450	4,338,450
Other		540,967	540,967
	\$	6,653,223	\$ 6,653,223

December 31, 2017

	Fair Value		Level 1
Cash with broker	\$	213,653	\$ 213,653
Exchange-traded funds:			
Equity		2,207,533	2,207,533
Fixed income		4,064,319	4,064,319
Other		566,544	566,544
	\$	7,052,049	\$ 7,052,049

There were no transfers between levels during the years ended December 31, 2018 and 2017.

6. Property and Equipment, Net

Property and equipment consists of the following:

December 31, 2018

	Cost	Accumulated Depreciation and Amortization	Net Book Value
Aircraft and equipment (MD-10)	\$ 39,926,068	\$ (5,571,401)	\$ 34,354,667
Office/field equipment and software	3,478,556	(2,865,943)	612,613
Leasehold improvements	508,296	(341,919)	166,377
	\$ 43,912,920	\$ (8,779,263)	\$ 35,133,657

December 31, 2017

	Cost	Accumulated Depreciation and Amortization	Net Book Value
Aircraft and equipment (MD-10)	\$ 39,884,838	\$ (3,433,717)	\$ 36,451,121
Office/field equipment and software	3,330,718	(2,638,525)	692,193
Leasehold improvements	467,657	(219,251)	248,406
	\$ 43,683,213	\$ (6,291,493)	\$ 37,391,720

Depreciation and amortization expense amounted to \$2,560,274 and \$2,650,103 for the years ended December 31, 2018 and 2017, respectively.

Project Orbis International, Inc.

Notes to Financial Statements

7. Net Assets with Donor Restrictions

Net assets with donor restriction are available subject to purpose restrictions as follows:

<i>December 31,</i>		2018		2017
Childhood Blindness Initiative	\$	3,749,415	\$	5,549,415
Diabetic Retinopathy		130,350		39,131
Pediatric Eye Care		1,455,295		1,252,882
Eye Care Capacity Building		1,010,723		971,107
Retinopathy of Prematurity		10,000		-
Trachoma		1,140,134		754,351
MD-10 Program		500,000		500,000
Eye Care Program in China		4,821,819		4,821,546
Other		53,898		39,983
Total Net Assets with Donor Restrictions	\$	12,871,634	\$	13,928,415

Net assets released from restrictions for program restrictions are as follows:

<i>December 31,</i>		2018		2017
Childhood Blindness Initiative	\$	4,926,403	\$	3,005,431
Diabetic Retinopathy		242,382		340,290
Pediatric Eye Care		3,365,544		4,028,484
Eye Care Capacity Building		1,192,928		351,694
Retinopathy of Prematurity		-		104,159
Trachoma		3,318,440		2,084,284
Cataract		241,674		6,737
MD-10 Program		591,313		593,692
Eye Care Program in China		2,108,824		1,900,141
Other		50		-
Total Net Assets Released from Restrictions	\$	15,987,558	\$	12,414,912

8. Gifts In-Kind and Contributed Professional Services

Contributed professional services are recognized as contributions in-kind if the services create or enhance non-financial assets or require specialized skills, are performed by individuals with those skills and would otherwise be purchased by Orbis. Orbis recognized contributed professional services at an estimated fair value. Gifts in-kind of medical supplies are recorded at a fair value based upon the pricing source inputs, which approximate wholesale prices in the United States. The estimated fair value of the contributed professional services and gifts in-kind was \$198,045,447 and \$166,128,824 for the years ended December 31, 2018 and 2017, respectively.

9. Affiliated Organizations

Orbis has affiliation agreements with organizations that share a common aim to prevent and cure blindness and sight deficiencies, especially by furthering the education and training of ophthalmologists in all parts of the world. These affiliates have separate governing boards and are

Project Orbis International, Inc.

Notes to Financial Statements

located in the United Kingdom, Ireland, Canada, Singapore, South Africa and Macau SAR. Consolidation of these affiliates is not required and Orbis has elected not to consolidate.

Orbis received contributions from these affiliates as follows:

<i>Year ended December 31,</i>	2018		2017	
United Kingdom	\$	7,722,621	\$	4,317,468
Ireland		356,468		392,203
Canada		602,988		138,537
Macau SAR		1,425,000		1,999,982
Singapore		77,732		73,335
Total	\$	10,184,809	\$	6,921,525

At December 31, 2018 and 2017, accounts receivable from these affiliates were \$2,257,519 and \$1,355,488, respectively.

10. Line of Credit

Orbis has a revolving unsecured line of credit for \$3,000,000, which expires on July 31, 2019. Borrowings for the line of credit are due in full on the expiration date. The interest rate is a rate per year equal to the ICE (ICE Benchmark Administration) LIBOR daily floating rate plus 0.75%, which was 3.76% as of December 31, 2018. As of December 31, 2018 and 2017 respectively, no draw-downs were made on the line of credit.

11. Commitments

Orbis leases its New York, Hong Kong SAR, China PRC, Vietnam, India, Bangladesh and Ethiopia office space under noncancelable arrangements through 2028. The leases include an escalation clause for increases in real estate taxes. Future commitments subsequent to December 31, 2018 relating to these operating leases are as follows:

<i>December 31,</i>	
2019	\$ 999,098
2020	683,559
2021	681,198
2022	668,698
2023	677,218
Thereafter	4,611,169
	\$ 8,320,940

Orbis entered into a 15-year lease agreement in February 2015, which included 6 months of free rent. For financial statement purposes, base rent is amortized on a straight-line basis over the term of the lease at an average monthly amount of \$53,571. The deferred rent balance relates to the rent expense that has been recorded in excess of the amounts paid. The amortized free rent is equivalent to approximately \$321,000 over the life of the lease.

Project Orbis International, Inc.

Notes to Financial Statements

At December 31, 2018 and 2017 respectively, rent expense for all noncancelable operating leases amounted to \$1,389,892 and \$1,329,238.

12. Retirement Plan

Orbis sponsors a defined contribution plan. All eligible employees who elect a salary deferral receive a matching contribution of a discretionary percentage, as determined by Orbis. Total contributions amounted to \$656,583 and \$520,044 for the years ended December 31, 2018 and 2017, respectively.

13. Subsequent Events

Orbis's management has performed subsequent events procedures through July 31, 2019, which is the date the financial statements were available for issuance and there were no subsequent events requiring adjustments or disclosures to the financial statements.

Supplementary Information

Project Orbis International, Inc.
Schedule of Functional Expenses by Location
(with comparative totals for 2017)

Year ended December 31,

	Program Services	Management and General	Fundraising	Total	
				2018	2017
Orbis Offices					
Bangladesh	\$ 1,529,229	\$ -	\$ -	\$ 1,529,229	\$ 1,563,370
China PRC	2,817,193	-	-	2,817,193	4,180,977
Ethiopia	200,206,156	-	-	200,206,156	167,520,744
India	2,314,888	-	-	2,314,888	2,077,970
Indonesia	60,132	-	-	60,132	
Latin America, Caribbean (LAC)	490,438	-	-	490,438	242,265
Vietnam	1,568,492	-	-	1,568,492	1,624,647
East Africa	31,123	-	-	31,123	36,799
South Africa	1,798,243	-	-	1,798,243	1,037,289
Zambia	708,660	-	-	708,660	896,875
Program support	2,446,017	-	-	2,446,017	2,344,467
Worldwide Programs					
MD-10 flying eye hospital	10,049,512	-	-	10,049,512	9,479,490
CyberSight and faculty relation	2,826,475	-	-	2,826,475	1,717,724
Program support - global	1,309,730	-	-	1,309,730	1,206,772
Fundraising					
United States	-	-	4,270,802	4,270,802	3,812,648
Hong Kong SAR	-	-	5,023,726	5,023,726	4,946,401
Other	-	-	264,369	264,369	263,025
Corporate					
Management and general	-	8,031,732	-	8,031,732	7,272,972
Total Expenses	\$ 228,156,288	\$ 8,031,732	\$ 9,558,897	\$ 245,746,917	\$ 210,224,435