

Project Orbis International, Inc.

Financial Statements and Supplementary Information Year Ended December 31, 2019

Project Orbis International, Inc.

Financial Statements and Supplementary Information
Year Ended December 31, 2019

Project Orbis International, Inc.

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Independent Auditor's Report

The 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, 2019, 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, 2019, 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 pages 23-24 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

August 11, 2020

Project Orbis International, Inc.

Statement of Financial Position (with comparative totals for 2018)

<i>December 31,</i>	2019	2018
Assets		
Current		
Cash and cash equivalents (Note 2)	\$ 11,458,036	\$ 13,034,227
Contributions receivable, net, current portion (Notes 2 and 4)	5,151,694	4,450,981
Accounts receivable from affiliates (Notes 2, 4, and 9)	1,877,145	2,257,519
Prepaid expenses and other assets	1,279,098	1,436,930
Total Current Assets	19,765,973	21,179,657
Contributions Receivable, Net , less current portion (Notes 2 and 4)	1,890,937	-
Inventory of Medical Supplies (Note 2)	1,772,967	2,502,725
Investments , at fair value (Notes 2 and 5)	7,450,192	6,653,223
Property and Equipment, Net (Notes 2 and 6)	31,050,331	35,133,657
Total Assets	\$ 61,930,400	\$ 65,469,262
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 3,311,337	\$ 2,542,672
Accrued compensation and related expenses	1,112,562	1,042,288
Total Current Liabilities	4,423,899	3,584,960
Deferred Rent (Note 11)	194,794	212,239
Total Liabilities	4,618,693	3,797,199
Commitments and Contingencies (Notes 2,3,10,11,12 and 13)		
Net Assets (Notes 2 and 7)		
Without donor restrictions:		
General undesignated	14,499,123	13,666,772
Investment in property and equipment	31,050,331	35,133,657
Total Without Donor Restrictions	45,549,454	48,800,429
With donor restrictions:		
Donor contributions	10,780,313	12,871,634
Gift-in-kind	981,940	-
Total With Donor Restrictions	11,762,253	12,871,634
Total Net Assets	57,311,707	61,672,063
Total Liabilities and Net Assets	\$ 61,930,400	\$ 65,469,262

See accompanying notes to financial statements.

Project Orbis International, Inc.

Statement of Activities (with comparative totals for 2018)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Support and Revenue				
Special event revenue	\$ 2,349,038	\$ -	\$ 2,349,038	\$ 2,864,965
Less: direct costs to donors	603,699	-	603,699	850,503
Net Fundraising Events	1,745,339	-	1,745,339	2,014,462
Contributions	27,602,761	10,614,519	38,217,280	36,102,061
Revenue from affiliates (Notes 2 and 9)	6,511,634	2,938,163	9,449,797	10,184,809
Gifts in-kind and contributed professional services (Notes 2 and 8)	327,236,218	981,940	328,218,158	198,045,447
Investment income	802,539	-	802,539	128,264
Miscellaneous income	69,177	-	69,177	241,400
Net assets released from restrictions for program restriction (Note 7)	15,644,003	(15,644,003)	-	-
Total Support and Revenue	379,611,671	(1,109,381)	378,502,290	246,716,443
Expenses				
Program services:				
Distribution of donated medicines, supplies and equipment	326,208,355	-	326,208,355	196,884,859
Other program expenses	35,438,932	-	35,438,932	31,271,429
Total Program Services	361,647,287	-	361,647,287	228,156,288
Supporting services:				
Management and general	9,163,700	-	9,163,700	8,031,732
Fundraising	10,191,951	-	10,191,951	9,558,897
Total Supporting Services	19,355,651	-	19,355,651	17,590,629
Total Operating Expenses	381,002,938	-	381,002,938	245,746,917
(Deficit) Excess of Support and Revenue Over Expenses, before other changes	(1,391,267)	(1,109,381)	(2,500,648)	969,526
Other Changes				
Foreign currency translation gain (loss) (Note 2)	130,921	-	130,921	(336,907)
Fixed asset disposal loss	(1,729,012)	-	(1,729,012)	-
Reduction in value of inventory due to obsolescence loss	(261,617)	-	(261,617)	(345,125)
Change in Net Assets	(3,250,975)	(1,109,381)	(4,360,356)	287,494
Net Assets, beginning of year	48,800,429	12,871,634	61,672,063	61,384,569
Net Assets, end of year	\$ 45,549,454	\$ 11,762,253	\$ 57,311,707	\$ 61,672,063

See accompanying notes to financial statements.

Project Orbis International, Inc.

Statement of Functional Expenses (with comparative totals for 2018)

Year ended December 31,

	Supporting Services			Total	
	Program Services	Management and General	Fundraising	2019	2018
Salaries and Fringe Benefits					
Salaries	\$ 8,601,061	\$ 4,215,039	\$ 3,659,069	\$ 16,475,169	\$ 15,871,435
Employee benefits and payroll taxes	1,395,257	815,312	578,522	2,789,091	2,817,759
Total Salaries and Fringe Benefits	9,996,318	5,030,351	4,237,591	19,264,260	18,689,194
Other Expenses					
Professional fees and contract service payments	2,519,940	1,726,509	554,933	4,801,382	4,414,240
Travel, conferences and meetings	2,690,358	229,549	341,960	3,261,867	3,001,654
Faculty costs	511,834	6,599	7,333	525,766	538,983
Medical supplies (Note 8)	326,724,805	-	-	326,724,805	195,558,560
Supplies, registrations, and other expense	147,372	544,256	137,235	828,863	430,025
Equipment rental and maintenance	872,915	414,161	79,968	1,367,044	1,014,469
Occupancy and related expenses	693,358	630,633	377,487	1,701,478	1,641,681
Printing, mailings and publications	226,740	36,779	705,788	969,307	1,138,327
Postage and communications	157,905	114,974	1,420,169	1,693,048	1,547,158
Insurance	365,032	119,322	74,389	558,743	681,195
Aircraft operations and fuel	1,766,484	-	-	1,766,484	1,784,534
Advertising and promotional expenses	613,343	242,540	1,795,375	2,651,258	1,637,254
Program expense and other	683,917	-	71,600	755,517	755,194
Program partner expenses	11,032,844	4,757	24,278	11,061,879	9,446,892
Fellowships	55,699	-	-	55,699	124,528
Miscellaneous	286,690	(12,309)	291,609	565,990	782,755
Total Expenses, before depreciation and amortization	359,345,554	9,088,121	10,119,715	378,553,390	243,186,643
Depreciation and Amortization	2,301,733	75,579	72,236	2,449,548	2,560,274
Total Expenses	\$ 361,647,287	\$ 9,163,700	\$ 10,191,951	\$ 381,002,938	\$ 245,746,917

See accompanying notes to financial statements.

Project Orbis International, Inc.

Statement of Cash Flows (with comparative totals for 2018)

<i>Year ended December 31,</i>	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ (4,360,356)	\$ 287,494
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization expense	2,449,548	2,560,274
Realized gain on investments	(319,386)	(490,184)
Unrealized (gain) loss on investments	(731,473)	544,924
Donated investments	(13,223)	(352,483)
Loss on disposal of property and equipment	1,729,012	85,738
Inventory obsolescence	261,617	345,125
Change in present value of contributions receivable	-	(589)
Change in operating assets and liabilities:		
Decrease in assets:		
Contributions receivable	(2,591,650)	(1,586,409)
Accounts receivable from affiliates	380,374	(902,031)
Inventory of medical supplies	468,141	(759,603)
Prepaid expenses and other assets	157,832	(225,864)
Increase (decrease) in liabilities:		
Accounts and accrued expenses payable	768,665	262,622
Accrued compensation and related expenses	70,274	346,914
Deferred rent	(17,445)	(17,444)
Net Cash (Used in) Provided by Operating Activities	(1,748,070)	98,484
Cash Flows from Investing Activities		
Purchases of equipment	(95,234)	(387,949)
Purchases of investments	(8,078,892)	(1,190,321)
Proceeds from sales of investments	8,346,005	1,886,890
Net Cash Provided by Investing Activities	171,879	308,620
Increase (Decrease) in Cash and Cash Equivalents	(1,576,191)	407,104
Cash and Cash Equivalents, beginning of year	13,034,227	12,627,123
Cash and Cash Equivalents, end of year	\$ 11,458,036	\$ 13,034,227

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, non-governmental organization focused on the prevention and treatment of avoidable blindness. Orbis transforms lives by delivering the skills, resources and knowledge needed to deliver accessible quality eye care. Working in collaboration with local partners, including hospitals, universities, government agencies and ministries of health, Orbis provides hands-on ophthalmology training, strengthens healthcare infrastructure and advocates for the prioritization of eye health on public health agendas. Orbis operates the world's only Flying Eye Hospital, a fully accredited ophthalmic teaching hospital on board an MD-10 aircraft, and an award-winning telemedicine platform, Cybersight.

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 - This class consists of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Donor contributions are cash receipts from donors, while gift-in-kind consists of medical supplies, equipment, and other assets used for the different programs of Orbis. 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. 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.

Project Orbis International, Inc.

Notes to Financial Statements

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 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. Investment in property and equipment is available for activities in the normal course of business.

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

Professional standards establish a framework for measuring fair value and expand the disclosures about fair value measurements. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. U.S. GAAP established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. Orbis classifies fair value balances based on the fair value hierarchy defined by U.S. GAAP, 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.

Project Orbis International, Inc.

Notes to Financial Statements

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

Contributions Receivable 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.

Doubtful accounts are written off as they are deemed by management to be uncollectible. All contributions and accounts receivable, as stated in the financial statements, are deemed by Orbis's management to be fully collectible. At December 31, 2019, there was no allowance for doubtful accounts recorded.

Contributions and Revenues from Affiliates

Contributions are recorded as revenue when cash or unconditional promise 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 other goods are recorded at their fair value at date of receipt. The amounts reflected in the accompanying financial statements as gift in-kind are offset by like amounts in expenses, inventory or fixed assets. Orbis determines the fair value of pharmaceuticals based upon 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 three 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.

Project Orbis International, Inc.

Notes to Financial Statements

Impairment of Fixed Assets

Orbis follows the provisions of Accounting Standards Codification (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, 2019 and 2018, 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 is written off when so identified as obsolete.

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 501(c)(3) of the Internal Revenue Code (the Code). The Internal Revenue Service has ruled that, pursuant to Section 501(c)(3) of the Code, Orbis is exempt from federal income taxes and is a publicly supported organization, as defined in Section 509(a)(1) of the Code. As a not-for-profit organization, Orbis is also exempt from state and local income taxes. Accordingly, Orbis is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purposes. Orbis utilizes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. No provision for income taxes was required for fiscal year 2019 or 2018.

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.

Project Orbis International, Inc.

Notes to Financial Statements

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 Federal Deposit Insurance Corporation (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, 2019 and 2018 was a change in net assets of \$130,921 and (\$336,907), respectively.

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 based in the New York office.

Operations

Orbis excludes from operating activities reduction in inventory due to obsolescence, foreign currency translation adjustments and fixed asset disposal losses. All other revenue and all expenses are included in operating activities.

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, 2018 from which the summarized information was derived.

Reclassifications

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

Project Orbis International, Inc.

Notes to Financial Statements

Recently Adopted Accounting Pronouncements

Revenue from Contracts with Customers (Topic 606)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cashflows arising from contracts with customers, including significant judgements and changes in judgements. The provisions of ASU 2014-09 were adopted by Orbis beginning January 1, 2019. Effective January 1, 2019, Orbis elected the modified retrospective approach in adopting ASU 2014-09 to all contracts under the scope of the guidance. The adoption of this ASU did not have a material impact on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred, which, depending on the outcome, determines whether Orbis follows contribution guidance or exchange transactions guidance in the revenue recognition and other applicable standards. The update also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The guidance is effective for Orbis's fiscal year 2019, and the adoption of this update did not have a material impact on Orbis's financial statements. Refer to Note 13 for the conditional grants at December 31, 2019.

Accounting Pronouncements Issued but Not Yet Adopted

Leases (Topic 842)

In February 2016, the FASB issued 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, 2021. Management is currently evaluating the impact of the pending adoption of ASU 2016-02.

Project Orbis International, Inc.

Notes to Financial Statements

3. Liquidity and Availability of Resources

The following table reflects Orbis's financial assets, 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.

<i>December 31,</i>	2019	2018
Total Current Assets	\$ 19,765,973	\$ 21,179,657
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Purpose restriction:		
Prepaid expenses and other assets	(1,279,098)	(1,436,930)
Restricted by donor with time or purpose restrictions	(8,889,376)	(12,871,634)
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 9,597,499	\$ 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>	2019	2018
In less than one year	\$ 7,028,839	\$ 6,708,500
Between one and five years	1,890,937	-
Total	\$ 8,919,776	\$ 6,708,500

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Project Orbis International, Inc.

Notes to Financial Statements

5. Fair Value Measurements

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

December 31, 2019

	Fair Value Measurements (Level 1)	Fair Value Measurements (Level 2)	Total
Equities	\$ 2,344,013	\$ -	\$ 2,344,013
Fixed income	-	3,127,134	3,127,134
Exchange-traded products	1,712,607	-	1,712,607
Investments, in the fair value hierarchy	\$ 4,056,620	\$ 3,127,134	
Money market funds*			266,438
Total Investments, at fair value			\$ 7,450,192

December 31, 2018

	Fair Value Measurements (Level 1)	Total
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
Total Investments	\$ 6,653,223	\$ 6,653,223

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy table. The fair value amounts presented in the preceding table are intended to permit reconciliation of the fair value hierarchy to the accompanying consolidated statement of financial position.

There were no transfers between levels during the years ended December 31, 2019 and 2018.

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, 2019.

Cash with Broker

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

Money Market Funds

The money market fund is valued based on the net asset value (NAV) of the shares held by Orbis. NAV is based upon the fair value of the money market fund's underlying investments less liabilities.

Project Orbis International, Inc.

Notes to Financial Statements

Orbis's investments in the money market fund can be redeemed immediately at the current NAV per share. There were no unfunded commitments as of December 31, 2019.

Equity Securities

Investments in securities traded on a National Securities Exchange or listed on NASDAQ are valued at the last reported sales price on the last business day of the year. The valuation of these investments is based on Level 1 inputs within the hierarchy used in measuring fair value.

Fixed Income

Orbis has investments in fixed-income securities, which consist of corporate and municipal bonds. These investments are priced using nationally recognized pricing services. Fixed-income securities other than U.S. Treasury securities generally do not trade on a daily basis. The pricing services prepare estimates of fair value measurements for these securities using the proprietary pricing applications, which include available relevant market information, benchmark curves, benchmarking of similar securities, sector groupings and matrix pricing. These investments are classified as Level 2 within the hierarchy used in measuring fair value.

Exchange-Traded Funds and Products

The exchange traded funds and products are valued on a daily basis at the close of business day. Each Exchange-traded fund and product's NAV is the value of a single share that is actively traded on national securities exchanges. These investments are classified as level 1.

6. Property and Equipment, Net

Property and equipment consists of the following:

December 31, 2019

	Cost	Accumulated Depreciation and Amortization	Net Book Value
Aircraft and equipment (MD-10)	\$ 37,720,637	\$ (7,164,441)	\$ 30,556,196
Office/field equipment and software	2,689,889	(2,276,567)	413,322
Leasehold improvements	531,748	(450,935)	80,813
	<u>\$ 40,942,274</u>	<u>\$ (9,891,943)</u>	<u>\$ 31,050,331</u>

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
	<u>\$ 43,912,920</u>	<u>\$ (8,779,263)</u>	<u>\$ 35,133,657</u>

Project Orbis International, Inc.

Notes to Financial Statements

Depreciation and amortization expense amounted to \$2,449,548 and \$2,560,274 for the years ended December 31, 2019 and 2018, respectively.

7. Net Assets with Donor Restrictions

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

<i>December 31,</i>	2019	2018
Childhood Blindness Initiative	\$ 1,511,718	\$ 3,749,415
Diabetic Retinopathy	102,939	130,350
Pediatric Eye Care	1,064,170	1,455,295
Eye Care Capacity Building	4,992,976	1,010,723
Retinopathy of Prematurity	-	10,000
Trachoma	307,218	1,140,134
MD-10 Program	(40,519)	500,000
Eye Care Program in China	2,841,811	4,821,819
Other	-	53,898
Medical supplies for programs	981,940	-
Total Net Assets with Donor Restrictions	\$ 11,762,253	\$ 12,871,634

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

<i>December 31,</i>	2019	2018
Childhood Blindness Initiative	\$ 5,617,436	\$ 4,926,403
Diabetic Retinopathy	320,520	242,382
Pediatric Eye Care	2,639,538	3,365,544
Eye Care Capacity Building	3,894,815	1,192,928
Retinopathy of Prematurity	10,000	-
Trachoma	1,584,218	3,318,440
Cataract	-	241,674
MD-10 Program	540,519	591,313
Eye Care Program in China	1,035,349	2,108,824
Other	1,608	50
Total Net Assets Released from Restrictions	\$ 15,644,003	\$ 15,987,558

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 \$328,218,158 and \$198,045,447 for the years ended December 31, 2019 and 2018, respectively.

Project Orbis International, Inc.

Notes to Financial Statements

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 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>	2019	2018
United Kingdom	\$ 6,296,164	\$ 7,722,621
Ireland	486,893	356,468
Canada	586,831	602,988
Macau SAR	2,075,000	1,425,000
Singapore	4,909	77,732
Total	\$ 9,449,797	\$ 10,184,809

At December 31, 2019 and 2018, accounts receivable from these affiliates were \$1,877,145 and \$2,257,519, respectively.

10. Line of Credit

Orbis has a revolving unsecured line of credit for \$3,000,000, expiring at the end of the year, renewable each year. Borrowings for the line of credit are due in full on the expiration date. The interest rate is a rate per year elected by Orbis at the time of each drawdown, which is either the Prime Rate or LIBOR Rate plus a margin of 150 basis points for an interest period of one month. As of December 31, 2019 and 2018, respectively, there were no payables on the line of credit.

11. Lease Agreements

Orbis leases several office facilities under operating leases expiring at various dates through 2030. Future commitments subsequent to December 31, 2019 relating to these operating leases are as follows:

<i>December 31,</i>	
2020	\$ 1,043,838
2021	921,063
2022	666,113
2023	677,218
2024	690,762
Thereafter	3,920,406
	\$ 7,919,400

At December 31, 2019 and 2018, rent expense for all noncancelable operating leases amounted to \$1,453,415 and \$1,389,892, respectively.

Project Orbis International, Inc.

Notes to Financial Statements

12. Retirement Plan

Orbis sponsors a 403(b) defined contribution plan covering all U.S.-based and expatriate U.S. citizens subject to plan eligibility requirements. Basic employee contributions up to 6% of compensation are eligible for a discretionary matching contribution by Orbis after one year of employment.

The Plan covers expatriate non-U.S. staff subject to plan eligibility requirements. Basic employee contributions up to 6% of compensation are eligible for a matching contribution by Orbis after one year of employment.

Pension expense relating to both plans amounted to \$703,686 and \$656,583 for the years ended December 31, 2019 and 2018, respectively.

13. Conditional Grants

Orbis has grant agreements with several donors that consist of providing conditional funding in future years, amounting to approximately \$5.6 million at December 31, 2019. A corresponding grant receivable has not been recorded on the statements of financial position, as the conditional grants are contingent upon incurring qualifying expenditures and fulfilling milestones. Conditional promises to give are recognized when the conditions on which they depend upon are substantially met. Until that point, any amounts received are recorded as refundable advances.

14. Subsequent Events

Orbis's management has performed subsequent event procedures through August 11, 2020, which is the date the financial statements were available to be issued. Other than as noted below, there were no other subsequent events requiring adjustment to the financial statements or disclosures stated herein, except the following:

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

While the full impact of the COVID-19 outbreak continues to evolve as of the date of this report, its future impact may have a continuing material adverse impact on economic and market conditions, thus triggering a period of global economic slowdown. This has the potential to, but not certainty of, impacting Orbis's operations, which are heavily dependent on private and public donations and grants from individuals, foundations, and corporations. Orbis expects committed funding to support all expenses in 2020. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

Orbis cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time. If the pandemic continues, given the great uncertainty as to the full magnitude that the pandemic may have on future economic and market conditions, Orbis is not able, at this moment, to estimate the effects of the COVID-19 outbreak on the fiscal year 2020 results of operations, financial condition, or liquidity.

Project Orbis International, Inc.

Notes to Financial Statements

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods and alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the Small Business Administration Paycheck Protection Program loans (PPP) that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19.

Orbis has applied for and has received funds under the Paycheck Protection Program after the period end in the amount of \$1.39 million. The application for these funds requires Orbis to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of Orbis. This certification further requires Orbis to take into account our current business activity and our ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on Orbis having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria.

Orbis will continue to examine the impact that the CARES Act may have on its business. Currently, Orbis is unable to determine the impact that the CARES Act will have on its financial condition, results of operations, or liquidity.

On April 17, 2020, Orbis drew down \$3,000,000 on its line of credit to be used by Orbis on an “as-needed” basis. The full amount borrowed, together with interest, is payable in accordance with the terms of the agreement.

Supplementary Information

Project Orbis International, Inc.
Schedule of Functional Expenses by Location
(with comparative totals for 2018)

Year ended December 31,

	Program Services	Management and General	Fundraising	Total	
				2019	2018
Orbis Offices					
Bangladesh	\$ 1,848,120	\$ -	\$ -	\$ 1,848,120	\$ 1,529,229
China PRC	2,533,771	-	-	2,533,771	2,817,193
Ethiopia	333,273,779	-	-	333,273,779	200,206,156
India	2,099,131	-	-	2,099,131	2,314,888
Indonesia	195,593	-	-	195,593	60,132
Latin America, Caribbean (LAC)	422,735	-	-	422,735	490,438
Vietnam	1,425,361	-	-	1,425,361	1,568,492
East Africa	80,076	-	-	80,076	31,123
South Africa	761,846	-	-	761,846	1,798,243
Zambia	1,294,786	-	-	1,294,786	708,660
Program support	3,095,959	-	-	3,095,959	2,446,017
Worldwide Programs					
MD-10 flying eye hospital	11,199,066	-	-	11,199,066	10,049,512
CyberSight and faculty relation	1,924,947	-	-	1,924,947	2,826,475
Program support - global	1,492,117	-	-	1,492,117	1,309,730
Fundraising					
United States	-	-	5,347,763	5,347,763	4,270,802
Hong Kong SAR	-	-	4,119,936	4,119,936	5,023,726
Other	-	-	724,252	724,252	264,369
Corporate					
Management and general	-	9,163,700	-	9,163,700	8,031,732
Total Expenses	\$ 361,647,287	\$ 9,163,700	\$ 10,191,951	\$ 381,002,938	\$ 245,746,917

Project Orbis International, Inc.

Schedule of Raffle Tickets and Fundraising Events

1. Raffle Ticket Event - Lottery License Issued by Home Affairs Department in Hong Kong

Lottery event held between January 9, 2019 and March 4, 2019:

	HK\$
Gross income	8,621,843
Expenditure	609,983
Net Surplus	8,011,860

The net proceeds from the lottery event under Lottery License No. 4678 held between January 9, 2019 and March 4, 2019 have been fully used on the operating expenses of Orbis's sight saving work worldwide.

2. Fundraising Events - Public Subscription Permit Issued by Social Welfare Department in Hong Kong

Permit no.	2019/069/1	2019/079/1	2019/105/1
	HK\$	HK\$	HK\$
Gross income	787,974	18,153	14,238
Expenditure	109,418	2,500	4,500
Net Surplus	678,556	15,653	9,738

The net proceeds have been utilized during the year ended December 31, 2019 for Orbis's sight saving work worldwide.