

Project Orbis International, Inc.

Financial Statements and Supplemental Material

Year Ended December 31, 2017

Project Orbis International, Inc.

Financial Statements and Supplemental Material
Year Ended December 31, 2017

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, 2017, 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, 2017, 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 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 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

June 13, 2018

Project Orbis International, Inc.

Statement of Financial Position (with comparative totals for 2016)

December 31,	2017	2016
Assets		
Current:		
Cash and cash equivalents (Note 2)	\$12,627,123	\$ 9,195,779
Contributions receivable, net, current portion (Notes 2, 3 and 9)	2,813,983	1,131,374
Accounts receivable from affiliates	1,355,488	2,005,695
Prepaid expenses and other assets	1,211,066	735,861
Total Current Assets	18,007,660	13,068,709
Contributions Receivable, Net, Less Current Portion (Notes 2, 3 and 9)	50,000	145,000
Inventory of Medical Supplies (Note 2)	2,088,247	1,058,971
Investments, at Fair Value (Notes 4 and 5)	7,052,049	6,511,219
Property and Equipment, Net (Notes 2 and 6)	37,391,720	39,473,467
Total Assets	\$64,589,676	\$60,257,366
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 2,280,050	\$ 1,327,730
Accrued compensation and related expenses	695,374	496,774
Total Current Liabilities	2,975,424	1,824,504
Deferred Rent	229,683	247,127
Total Liabilities	3,205,107	2,071,631
Commitments and Contingencies (Notes 2, 10, 11 and 12)		
Net Assets (Note 2):		
Unrestricted net assets	47,456,154	46,838,868
Temporarily restricted net assets (Note 7)	13,928,415	11,346,867
Total Net Assets	61,384,569	58,185,735
Total Liabilities and Net Assets	\$64,589,676	\$60,257,366

See accompanying notes to financial statements.

Project Orbis International, Inc.

Statement of Activities (with comparative totals for 2016)

Year ended December 31,

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
Support and Revenue:				
Special event revenue	\$ 3,067,824	\$ -	\$ 3,067,824	\$ 2,810,957
Less: Direct costs to donors	931,895	-	931,895	770,240
Net Fundraising Events	2,135,929	-	2,135,929	2,040,717
Contributions	22,158,315	14,996,460	37,154,775	34,169,147
Revenue from affiliates	6,921,525	-	6,921,525	7,312,122
Gifts in-kind and contributed professional services (Notes 2 and 8)	166,128,824	-	166,128,824	174,440,881
Investment income (Note 4)	488,265	-	488,265	332,153
Miscellaneous income	950,751	-	950,751	634,562
Net assets released from restrictions (Note 7)	12,414,912	(12,414,912)	-	-
Total Support and Revenue	211,198,521	2,581,548	213,780,069	218,929,582
Expenses:				
Program services	193,929,389	-	193,929,389	197,632,595
Management and general	7,272,972	-	7,272,972	6,100,648
Fundraising	9,022,074	-	9,022,074	9,640,322
Total Expenses	210,224,435	-	210,224,435	213,373,565
Excess of Support and Revenue Over Expenses Before Other Changes	974,086	2,581,548	3,555,634	5,556,017
Other Changes:				
Foreign currency translation loss	(35,087)	-	(35,087)	(115,209)
Reduction in value of inventory due to obsolescence	(321,713)	-	(321,713)	(320,916)
Change in Net Assets	617,286	2,581,548	3,198,834	5,119,892
Net Assets, Beginning of Year	46,838,868	11,346,867	58,185,735	53,065,843
Net Assets, End of Year	\$ 47,456,154	\$ 13,928,415	\$ 61,384,569	\$ 58,185,735

See accompanying notes to financial statements.

Project Orbis International, Inc.

Statement of Functional Expenses (with comparative totals for 2016)

Year ended December 31,

	Program Services	Management and General	Fundraising	Total	
				2017	2016
Salaries and Fringe Benefits:					
Salaries	\$ 6,527,095	\$3,454,058	\$3,092,816	\$ 13,073,969	\$ 12,277,720
Employee benefits and payroll taxes	1,141,864	783,463	377,664	2,302,991	2,117,200
Total Salaries and Fringe Benefits	7,668,959	4,237,521	3,470,480	15,376,960	14,394,920
Other Expenses:					
Contributed professional services	190,024	-	-	190,024	325,147
Professional fees and contract service payments	927,977	379,538	534,748	1,842,263	2,399,751
Travel, conferences and meetings	2,165,125	149,413	184,385	2,498,923	2,407,430
Faculty costs	417,233	15,034	3,254	435,521	302,727
Medical supplies (Note 8)	158,922,665	-	-	158,922,665	170,922,249
Supplies, registrations, and other expense	88,312	171,750	132,192	392,254	478,738
Equipment rental and maintenance	478,803	246,663	50,518	775,984	639,758
Occupancy and related expenses	630,715	565,102	336,003	1,531,820	1,318,208
Printing, mailings and publications	218,653	81,305	915,711	1,215,669	1,030,960
Postage and communications	206,786	155,961	1,226,542	1,589,289	1,513,376
Insurance	390,355	84,621	57,464	532,440	642,007
Aircraft operations and fuel	2,366,352	-	-	2,366,352	556,425
Advertising and promotional expenses	288,099	86,552	1,784,599	2,159,250	2,766,722
Program expense and other	557,783	-	-	557,783	612,602
Program partner expenses	14,306,959	-	-	14,306,959	9,920,466
Fellowships	253,602	-	-	253,602	327,774
Affiliate development	1,021,576	-	-	1,021,576	998,100
Miscellaneous	404,500	912,096	288,402	1,604,998	416,467
Total Expenses Before Depreciation and Amortization	191,504,478	7,085,556	8,984,298	207,574,332	211,973,827
Depreciation and Amortization	2,424,911	187,416	37,776	2,650,103	1,399,738
Total Expenses	\$193,929,389	\$7,272,972	\$9,022,074	\$210,224,435	\$213,373,565

See accompanying notes to financial statements.

Project Orbis International, Inc.

Statement of Cash Flows (with comparative totals for 2016)

Year ended December 31,	2017	2016
Cash Flows From Operating Activities:		
Change in net assets	\$ 3,198,834	\$ 5,119,892
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	2,650,103	1,399,738
Unrealized losses (gains) on investments	21,128	(169,042)
Realized (gain) loss on investments	(348,697)	6,980
Donated investments	-	(54,467)
Loss on disposal of property and equipment	1,706	123,321
Inventory obsolescence	321,713	320,916
Change in present value of contributions receivable	(553)	(359)
Change in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	(1,587,056)	516,244
Accounts receivable from affiliates	650,207	257,605
Inventory of medical supplies	(1,350,989)	(520,464)
Prepaid expenses and other assets	(475,205)	(114,074)
Increase (decrease) in liabilities:		
Accounts and accrued expenses payable	952,320	(695,581)
Accrued compensation and related expenses	198,600	394,478
Deferred rent	(17,444)	29,074
Net Cash Provided By Operating Activities	4,214,667	6,614,261
Cash Flows From Investing Activities:		
Purchases of equipment	(570,062)	(3,482,036)
Purchases of investments	(1,450,134)	(3,688,907)
Proceeds from sales of investments	1,236,873	3,564,457
Net Cash Used In Investing Activities	(783,323)	(3,606,486)
Increase in Cash and Cash Equivalents	3,431,344	3,007,775
Cash and Cash Equivalents, Beginning of Year	9,195,779	6,188,004
Cash and Cash Equivalents, End of Year	\$12,627,123	\$ 9,195,779

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. Effective August 8, 2016, the affiliation with Taiwan PRC was dissolved. 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

(a) *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.

(b) *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 three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, 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:

(i) **Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by Orbis is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Orbis.

(ii) **Temporarily Restricted** - Net assets resulting from contributions and other inflows of assets whose use by Orbis is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Orbis pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

(iii) **Unrestricted** - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations. The unrestricted net assets are used to account for all resources over which the Board of Directors has discretionary control.

Project Orbis International, Inc.

Notes to Financial Statements

(c) 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.

(d) 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 inputs 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 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 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 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 income is recognized 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.

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

Project Orbis International, Inc.

Notes to Financial Statements

(f) Contributions and Revenues From Affiliates

Contributions are recorded as revenue when unsolicited cash is received. Contributions are recorded as temporarily restricted if they are received with donor stipulations that limit the use of such contributions. When the donor restrictions are met, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as “net assets released from restrictions.” Revenues from affiliates are recognized when earned.

(g) 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 of supplies and other are recorded at their fair value at date of receipt. Orbis determines fair value of medical supplies based upon the pricing source inputs which approximate wholesale prices in the United States.

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

(h) 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.

(i) 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, 2017, there have been no such losses.

(j) Inventory of Medical Supplies

Inventory is stated at cost or, in the case of 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.

(k) 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.

Project Orbis International, Inc.

Notes to Financial Statements

(l) 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. There was no unrelated business income for the year ended December 31, 2017.

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, 2017, 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, 2017, 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 2014.

(m) 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.

(n) Concentration of Credit Risk

Financial instruments which 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.

(o) 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, 2017 and 2016 was to decrease net assets by \$35,087 and \$115,209, respectively.

(p) Functional Allocation of Expenses

The cost of providing Orbis's programs and other activities has been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on methodologies developed by management.

Project Orbis International, Inc.

Notes to Financial Statements

(q) 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, 2016 from which the summarized information was derived.

(r) Accounting Pronouncements Issued But Not Yet Adopted

(i) 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.

(ii) Presentation of Financial Statements of Not-for-Profit Entities

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 organizations 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, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) 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, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) 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. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its financial statements.

Project Orbis International, Inc.

Notes to Financial Statements

(iii) 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.

3. Contributions and Accounts Receivable

As of December 31, 2017 and 2016, Orbis's contributions and accounts receivable are expected to be realized in the following periods:

<i>December 31,</i>	2017	2016
In less than one year	\$2,813,983	\$1,131,374
Between one and five years	50,000	145,000
Total	\$2,863,983	\$1,276,374

The present value discount rate was between 1.35% and 1.64% as of December 31, 2017 and .79% and 1.64% as of December 31, 2016. Total contributions from members of the Board of Directors were \$324,329 and \$297,686 for the years ended December 31, 2017 and 2016, respectively.

4. Investments, at Fair Value

Investments at fair value consist of the following as of December 31, 2017 and 2016:

<i>December 31, 2017</i>	Cost	Market
Cash with broker	\$ 213,653	\$ 213,653
Exchange-traded funds:		
Equity	1,530,752	2,207,533
Fixed income	4,096,476	4,064,319
Other	595,521	566,544
Total investments	\$6,436,402	\$7,052,049

Project Orbis International, Inc.

Notes to Financial Statements

December 31, 2016

	Cost	Market
Cash with broker	\$ 98,410	\$ 98,410
Exchange-traded funds:		
Equity	1,356,961	1,810,492
Fixed income	4,225,431	4,156,730
Other	443,173	445,587
Total investments	\$6,123,975	\$6,511,219

Total investment income for the years ended December 31, 2017 and 2016, respectively, was comprised of the following:

<i>Year ended December 31,</i>	2017	2016
Interest and dividends	\$160,696	\$170,091
Realized and unrealized gains	327,569	162,062
Total	\$488,265	\$332,153

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, 2017.

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 which is actively traded on national securities exchanges. These investments are classified as Level 1.

The summary of inputs used to value Orbis's investments that are carried at fair value as of December 31, 2017 and 2016 is as follows:

December 31, 2017

	Level 1	Level 2	Level 3	Total
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

Project Orbis International, Inc.

Notes to Financial Statements

December 31, 2016

	Level 1	Level 2	Level 3	Total
Cash with broker	\$ 98,410	\$-	\$-	\$ 98,410
Exchange-traded funds:				
Equity	1,810,492	-	-	1,810,492
Fixed income	4,156,730	-	-	4,156,730
Other	445,587	-	-	445,587
	\$6,511,219	\$-	\$-	\$6,511,219

There were no transfers between levels during the years ended December 31, 2017 and 2016.

6. Property and Equipment, Net

Property and equipment consists of the following at December 31, 2017 and 2016:

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

December 31, 2016

	Cost	Accumulated Depreciation and Amortization	Net Book Value
Aircraft and equipment (MD-10)	\$39,614,239	\$(1,308,481)	\$38,305,758
Office/field equipment and software	3,064,164	(2,199,204)	864,960
Leasehold improvements	436,453	(133,704)	302,749
	\$43,114,856	\$(3,641,389)	\$39,473,467

Depreciation and amortization expense amounted to \$2,650,103 and \$1,399,738 for the years ended December 31, 2017 and 2016, respectively.

Project Orbis International, Inc.

Notes to Financial Statements

7. Net Assets

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

<i>December 31,</i>	2017	2016
Childhood Blindness Initiative	\$ 5,549,415	\$ 5,681,738
China PRC Programs	5,250,041	4,939,217
Qatar Creating Vision	789,465	-
Ethiopia Programs	774,029	-
Flying Eye Hospital	225,295	-
Vietnam Programs	173,822	108,886
India Programs	109,721	13,113
Indonesia Programs	98,009	-
Bangladesh Programs	58,618	220
MD-10 Program	900,000	593,693
Other	-	10,000
Total temporarily restricted net assets	\$13,928,415	\$11,346,867

Temporarily restricted net assets were released from donor restrictions by satisfying the restricted purpose, as follows:

<i>December 31,</i>	2017	2016
Childhood Blindness Initiative	\$ 3,005,432	\$2,734,291
China PRC Programs	4,079,006	1,471,639
Ethiopia Programs	1,486,171	-
Zambia Programs	760,785	-
Qatar Creating Vision	125,888	-
Indonesia Program	70,542	-
Vietnam Programs	371,188	130,093
India Programs	1,082,690	142,304
Bangladesh Programs	839,517	112,050
MD-10 Program	593,693	18,807
Other	-	963
Total net asset released from restrictions	\$12,414,912	\$4,610,147

8. Gifts In-Kind and Contributed Professional Services

Gifts in-kind and contributed professional services are recognized as revenue 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 \$166,128,824 and \$174,440,881 for the years ended December 31, 2017 and 2016, respectively.

Project Orbis International, Inc.

Notes to Financial Statements

9. Affiliated Organizations

Orbis has affiliation agreements with organizations which 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.

For the years ended December 31, 2017 and 2016, Orbis received contributions from these affiliates as follows:

<i>Year ended December 31,</i>	2017	2016
United Kingdom	\$4,317,468	\$4,442,895
Ireland	392,203	512,404
Canada	138,537	566,264
Taiwan PRC	-	60,957
Macau SAR	1,999,982	1,499,901
Singapore	73,335	229,701
Total	\$6,921,525	\$7,312,122

At December 31, 2017 and 2016, accounts receivable from these affiliates were \$1,355,488 and \$2,005,695, respectively.

10. Line of Credit

Orbis has a revolving unsecured line of credit for \$3,000,000 which expires on July 31, 2018. 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 1.50% which was 3.61% as of December 31, 2017. As of December 31, 2017, 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, 2017 relating to these operating leases are as follows:

2018	\$ 555,360
2019	566,467
2020	577,796
2021	650,920
2022	663,939
Thereafter	5,288,386
	\$8,302,868

Project Orbis International, Inc.

Notes to Financial Statements

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.

Rent expense for all noncancelable operating leases amounted to approximately \$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 \$520,044 and \$498,013 for the years ended December 31, 2017 and 2016, respectively.

13. Subsequent Events

Orbis's management has performed subsequent events procedures through June 13, 2018, 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.

Supplemental Material

Project Orbis International, Inc.

Schedule of Functional Expenses by Location (with comparative totals for 2016)

Year ended December 31,

	Program Services	Management and General	Fundraising	Total	
				2017	2016
Orbis Offices:					
Bangladesh	\$ 1,563,370	\$ -	\$ -	\$ 1,563,370	\$ 1,340,726
China PRC	4,180,977	-	-	4,180,977	3,058,063
Ethiopia	167,520,744	-	-	167,520,744	177,442,226
India	2,077,970	-	-	2,077,970	2,108,693
Latin America, Caribbean (LAC)	242,265	-	-	242,265	609,939
Vietnam	1,624,647	-	-	1,624,647	1,299,599
East Africa	36,799	-	-	36,799	43,862
South Africa	1,037,289	-	-	1,037,289	1,003,732
Zambia	896,875	-	-	896,875	-
Program support	2,344,467	-	-	2,344,467	1,887,952
Worldwide Programs:					
MD-10 flying eye hospital	9,479,490	-	-	9,479,490	5,604,013
CyberSight and faculty relation	1,717,724	-	-	1,717,724	1,810,689
Program support - global	1,206,772	-	-	1,206,772	1,423,101
Fundraising:					
United States	-	-	3,812,648	3,812,648	4,506,033
Hong Kong SAR	-	-	4,946,401	4,946,401	4,866,939
Other	-	-	263,025	263,025	267,350
Corporate:					
Management and general	-	7,272,972	-	7,272,972	6,100,648
Total Expenses	\$193,929,389	\$7,272,972	\$9,022,074	\$210,224,435	\$213,373,565