

Audited Financial Statements

Sankara Nethralaya OM Trust, Inc.

YEARS ENDED DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Sankara Nethralaya OM Trust, Inc.
9710 Traville Gateway Drive, #392
Rockville, MD 20850

We have audited the accompanying financial statements of Sankara Nethralaya OM Trust, Inc. (SNOM Trust) (a non-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SNOM Trust as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended are in conformity with accounting principles generally accepted in the United States of America.

Premier Group Services, Inc.

Lanham, MD
March 25th, 2019

Sankara Nethralaya OM Trust, Inc.
Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 61,805	\$ 20,319
Contributions receivable	120,875	233,532
Investments	21,747	10,100
Prepaid expenses and other assets	588	588
Total current assets	<u>205,015</u>	<u>264,539</u>
 Total assets	 <u>\$ 205,015</u>	 <u>\$ 264,539</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ <u>1,889</u>	\$ <u>-</u>
Total current liabilities	1,889	-
NET ASSETS		
Unrestricted net assets	<u>203,126</u>	<u>264,539</u>
Total net assets	<u>203,126</u>	<u>264,539</u>
 Total liabilities and net assets	 <u>\$ 205,015</u>	 <u>\$ 264,539</u>

The accompanying notes are an integral part of the financial statements

Sankara Nethralaya OM Trust, Inc.
Statements of Activities
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
REVENUE		
Contributions and other collections	\$ 911,914	\$ 877,867
Special event revenue	124,083	138,924
Interest and miscellaneous income	886	367
Total revenue	\$ <u>1,036,883</u>	\$ <u>1,017,158</u>
EXPENSES		
Program services	1,010,000	795,000
Supporting services	43,477	47,459
Fund raising	44,819	70,523
Total expenses	\$ <u>1,098,296</u>	\$ <u>912,982</u>
Change in unrestricted net assets	(61,413)	104,176
Unrestricted net assets – beginning of year	<u>264,539</u>	<u>160,363</u>
Unrestricted net assets – end of year	\$ <u><u>203,126</u></u>	\$ <u><u>264,539</u></u>

The accompanying notes are an integral part of the financial statements

Sankara Nethralaya OM Trust, Inc.
Statements of Functional Expenses
Years Ended December 31, 2018 and 2017

Expenses	2018				2017			
	Program Services	Supporting Services	Fundraising	Total	Program Services	Supporting Services	Fundraising	Total
Donations	\$ 1,010,000	\$ -	\$ -	\$ 1,010,000	\$ 795,000	\$ -	\$ -	\$ 795,000
Advertising	-	25,225	-	25,225	-	25,000	-	25,000
Accounting	-	6,830	-	6,830	-	6,365	-	6,365
Bank & fund collection charges	-	8,458	-	8,458	-	11,977	-	11,977
Fundraising	-	-	44,819	44,819	-	-	70,523	70,523
Insurance	-	815	-	815	-	815	-	815
Miscellaneous	-	300	-	300	-	300	-	300
Postage	-	939	-	939	-	1,444	-	1,444
Printing & stationery	-	388	-	388	-	1,106	-	1,106
Telephone	-	522	-	522	-	452	-	452
Legal fees	-	-	-	-	-	-	-	-
Total expenses	\$ 1,010,000	\$ 43,477	\$ 44,819	\$ 1,098,296	\$ 795,000	\$ 47,459	\$ 70,523	\$ 912,982

The accompanying notes are an integral part of the financial statements

Sankara Nethralaya OM Trust, Inc.
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (61,413)	\$ 104,176
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Contribution in kind – marketable securities	(11,647)	(10,100)
Changes in assets and liabilities		
(Increase)/decrease in accounts receivable	112,657	(98,420)
(Increase)/decrease in prepaid expenses and other assets	-	387
Increase/(decrease) in accounts payable and accrued expenses	<u>1,889</u>	<u>(26,870)</u>
Net cash provided/(used) by operating activities	<u>41,486</u>	<u>(30,827)</u>
Cash flows from investing activities:		
Marketable securities (purchases)/sales, net	<u>-</u>	<u>-</u>
Net cash provided/(used) by investing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	41,486	(30,827)
Cash and cash equivalents, beginning of year	<u>20,319</u>	<u>51,146</u>
Cash and cash equivalents, end of year	<u>\$ 61,805</u>	<u>\$ 20,319</u>

The accompanying notes are an integral part of the financial statements

Sankara Nethralaya OM Trust, Inc.
Notes to the Financial Statements
December 31, 2018 and 2017

NOTE 1: ORGANIZATION AND ACCOUNTING POLICIES

A. Nature of Organization

Sankara Nethralaya OM Trust, Inc. (SNOM Trust) is a non-profit organization established to support the provision of quality ophthalmic education to select students; and eye care of international standards to patients free of charge or at reduced charges depending upon their economic situation at Sankara Nethralaya located in Chennai, India.

SNOM Trust is exempt from Federal income tax under Section 501 (c) (3) of the Internal Revenue Code. In addition, SNOM Trust has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509 (a) of the Internal Revenue Code.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Consequently, revenue, other than contributions, is recognized when earned and expenses recorded when a liability is incurred.

C. Revenue recognition:

Contributions and other assets received are recorded as unrestricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recorded. All other donor-restricted support is reported as an increase in permanently restricted net assets. Contributions of services are recognized when received if the services (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Revenues from sponsorships, dues, and conferences are recognized by SNOM Trust as revenue in the period in which they are earned.

D. Functional allocation of expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

E. Contributions:

SNOM Trust’s contributions are recorded as unrestricted or permanently restricted support depending upon the existence and/or nature of donor restrictions. Support that is restricted by donors is reported as an increase in permanently restricted net assets and then reclassified to unrestricted net assets when the restriction expires. Conditional promises to give are not

Sankara Nethralaya OM Trust, Inc.
Notes to the Financial Statements
December 31, 2018 and 2017

E. Contributions (Continued)

recognized until the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions, if any, on the contributions.

An allowance for uncollectible contributions receivable is made based on management's judgment, based on factors such as prior collection history, the type of contribution and other relevant factors for contributions in accordance with generally accepted accounting principles. Contributions received are recorded as unrestricted or permanently restricted support depending on the existence and/or nature of any donor restriction.

As of December 31, 2018 and 2017, these receivables are deemed fully collectible. Based on management's evaluation of collectability of contributions receivable, no allowance for doubtful contributions receivable was recorded at December 31, 2018 and 2017.

F. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

G. Cash and cash equivalents

SNOM Trust considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

H. Investments:

SNOM Trust's equity securities are presented in accordance with accounting standards. These standards require that investments in equity securities with readily determinable fair values and all investments in debt securities be reported at fair value with gains and losses included in a statement of activities. These standards require certain disclosures about investments held by not-for-profit organizations and return on those investments.

Sankara Nethralaya OM Trust, Inc.
Notes to the Financial Statements
December 31, 2018 and 2017

I. Fair value measurements:

Financial Accounting Standards Board (FASB) Statement No. 157 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under FASB Statement No. 157 are as under:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that SNOM Trust can access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

J. Income taxes:

SNOM Trust is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, SNOM Trust qualifies for the charitable contribution deduction under Section 170(b)(1)(A), has been classified as an organization that is not a private foundation under Section 509(a)(2).

SNOM Trust adopted the provisions of Accounting Standards Codification (ASC)740-10-05 on January 1, 2009. ASC 740-10-05 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their financial statements uncertain tax positions taken or expected to be taken on a tax return. Under ASC 740-10-05, tax positions must initially be recognized in the financial statements when it is more likely than not, the position will be sustained upon examination by the tax authorities.

Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. SNOM Trust did not have any unrecognized tax benefits and there was no effect on our financial condition or results of operations as a result of adopting ASC 740-10-05.

Sankara Nethralaya OM Trust, Inc.
Notes to the Financial Statements
December 31, 2018 and 2017

J. Income Taxes (Continued)

Tax years from 2015 through 2017, are subject to examination by the Internal Revenue Service. SNOM Trust is currently not under any federal or state audits. Interest and penalties are zero and SNOM Trust's policy is to expense interest and penalties, if any, to income tax expense as incurred. SNOM Trust does not expect any material changes in unrecognized tax benefits in the next twelve months and has no unrecognized tax benefits as of December 31, 2018.

K. Comparative totals:

The financial statements and footnote disclosures for the year ended December 31, 2017 are presented only to provide a basis for comparison with the year 2018. The 2017 financial statements and footnote disclosures are not intended to present all information necessary for the fair presentation in accordance with U.S. Generally Accepted Accounting Principles. Accordingly, such information should be read in conjunction with SNOM Trust's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

L. Net assets

Net assets are classified as unrestricted or permanently restricted based on the existence or absence of donor-imposed restrictions. A description of each net asset group is as follows:

Unrestricted Net Assets - represent resources which have met all applicable award restrictions and/or resources generated by sources other than from the award.

Permanently Restricted Net Assets - represent resources that contain a stipulation that permanently restricts the use of such funds but allows earnings from the funds to be used in a certain manner.

NOTE 2 – INVESTMENTS

Investments are presented at fair value based on market quotes and consist of equity securities held by Charles Schwab Corporation amounting to \$21,747 and \$10,100 as at December 31, 2018 and 2017 respectively and belong to Level 1 within the fair value hierarchy.

NOTE 3: IN-KIND CONTRIBUTIONS

SNOM Trust receives volunteer support, primarily for event activities. The services provided by those volunteers do not meet the criteria for recognition in financial statements. In fiscal year 2018 and 2017, several concerts were held; however, for financial statement purposes SNOM Trust did not receive contributed services from the volunteers who performed services.

Sankara Nethralaya OM Trust, Inc.
Notes to the Financial Statements
December 31, 2018 and 2017

NOTE 4: CONCENTRATIONS OF CREDIT RISK

SNOM Trust’s cash maintained at several banks is not exposed to credit risk as the year-end balance for 2018 and 2017 were below \$250,000, the amount covered by Federal Deposit Insurance Corporation (FDIC).

Bank Name	Year 2018		Year 2017	
	Year End Balance	Exposed to Credit Risk	Year End Balance	Exposed to Credit Risk
Capital One	\$ 380.02	-	\$ 829.73	-
Sun Trust Savings Account	\$ 61,425.27	-	\$ 19,489.26	-
Total	\$ 61,805.29	-	\$ 20,318.99	-

NOTE 5 – SUBSEQUENT EVENTS

In connection with the preparation of the financial statements and in accordance with ASC Topic 855, *Subsequent Events*, SNOM Trust evaluated subsequent events after the statement of financial position date of December 31, 2018 through February 21, 2019, which was the date the financial statements were available to be issued and determined there were no other items to be disclosed.