

# **Project Orbis International, Inc.**

## **Financial Statements and Supplementary Information Year Ended December 31, 2021**

## **Project Orbis International, Inc.**

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Financial Statements and Supplementary Information  
Year Ended December 31, 2021

# Project Orbis International, Inc.

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## **Independent Auditor's Report**

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

### ***Opinion***

We have audited the financial statements of Project Orbis International, Inc. (Orbis), which comprise the statement of financial position as of December 31, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Orbis as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Orbis and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Orbis' ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Orbis' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Orbis' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Matter - Supplementary Information***

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 26-27 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 supplementary 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 supplementary 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

June 24, 2022

# Project Orbis International, Inc.

## Statement of Financial Position (with comparative totals for 2020)

December 31,	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 2)	\$ 19,034,298	\$ 19,210,679
Contributions receivable, net, current portion (Notes 2 and 4)	5,300,424	3,861,618
Accounts receivable from affiliates (Notes 2 and 11)	2,162,654	2,394,836
Prepaid expenses and other assets	1,808,403	2,436,426
<b>Total Current Assets</b>	<b>28,305,779</b>	<b>27,903,559</b>
<b>Contributions Receivable, Net, less current portion</b> (Notes 2 and 4)	<b>-</b>	<b>40,937</b>
<b>Inventory of Medical Supplies (Note 2)</b>	<b>1,801,129</b>	<b>1,974,458</b>
<b>Investments, at fair value (Notes 2 and 5)</b>	<b>12,946,262</b>	<b>8,114,938</b>
<b>Property and Equipment, Net (Notes 2 and 7)</b>	<b>26,767,732</b>	<b>28,697,277</b>
<b>Total Assets</b>	<b>\$ 69,820,902</b>	<b>\$ 66,731,169</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Program advances	\$ 3,584,057	\$ 3,453,781
Accounts payable and accrued expenses	1,815,281	2,022,777
Accrued compensation and related expenses	1,232,916	971,717
<b>Total Current Liabilities</b>	<b>6,632,254</b>	<b>6,448,275</b>
<b>Deferred Rent</b>	<b>72,319</b>	<b>785,038</b>
<b>Total Liabilities</b>	<b>6,704,573</b>	<b>7,233,313</b>
<b>Commitments and Contingencies (Notes 2, 3, 9, 12, 13, 14, 15, and 16)</b>		
<b>Net Assets (Notes 2 and 8)</b>		
Without donor restrictions:		
Board-designated endowment	8,322,244	-
General undesignated	11,158,934	17,465,339
Investment in property and equipment	26,767,732	28,697,277
<b>Total Without Donor Restrictions</b>	<b>46,248,910</b>	<b>46,162,616</b>
With donor restrictions:		
Donor contributions restricted for time and purpose	11,295,157	11,874,519
Reinvested return on endowment funds	(1,923)	-
Donor endowment	4,343,640	-
Gift-in-kind	1,230,545	1,460,721
<b>Total With Donor Restrictions</b>	<b>16,867,419</b>	<b>13,335,240</b>
<b>Total Net Assets</b>	<b>63,116,329</b>	<b>59,497,856</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 69,820,902</b>	<b>\$ 66,731,169</b>

*See accompanying notes to financial statements.*

# Project Orbis International, Inc.

## Statement of Activities (with comparative totals for 2020)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total	
			2021	2020
<b>Support and Revenue</b>				
Special event revenue	\$ 1,997,455	\$ -	\$ 1,997,455	\$ 1,981,709
Less: direct costs to donors	646,790	-	646,790	651,942
<b>Net Fundraising Events</b>	1,350,665	-	1,350,665	1,329,767
Contributions	27,193,021	8,716,404	35,909,425	39,236,064
Revenue from affiliates (Notes 2 and 11)	6,487,525	581,583	7,069,108	5,121,265
Contributed goods and services (Notes 2 and 10)	314,658,087	-	314,658,087	186,267,240
Investment return used for operations	282,809	-	282,809	698,612
Miscellaneous income	375,259	-	375,259	283,558
Release from restrictions (Note 8)	10,107,525	(10,107,525)	-	-
<b>Total Support and Revenue</b>	360,454,891	(809,538)	359,645,353	232,936,506
<b>Expenses</b>				
Program services:				
Donated medicines, supplies, and equipment	313,220,511	-	313,220,511	184,175,177
Other program expense	28,288,483	-	28,288,483	27,750,781
<b>Total Program Services</b>	341,508,994	-	341,508,994	211,925,958
Supporting services:				
Management and general	8,689,552	-	8,689,552	8,653,592
Fundraising	10,425,685	-	10,425,685	9,984,433
<b>Total Supporting Services</b>	19,115,237	-	19,115,237	18,638,025
<b>Total Expenses</b>	360,624,231	-	360,624,231	230,563,983
<b>(Deficit) Excess of Support and Revenue Over Expenses, before other changes</b>	(169,340)	(809,538)	(978,878)	2,372,523
<b>Other Changes</b>				
Bequests and contributions	-	4,343,640	4,343,640	-
Investment income (loss), net	239,269	(1,923)	237,346	-
Foreign currency translation gain (loss) (Note 2)	208,009	-	208,009	(44,837)
Reduction in value of inventory due to obsolescence	(191,644)	-	(191,644)	(141,537)
<b>Change in Net Assets</b>	86,294	3,532,179	3,618,473	2,186,149
<b>Net Assets, beginning of year</b>	46,162,616	13,335,240	59,497,856	57,311,707
<b>Net Assets, end of year</b>	\$ 46,248,910	\$ 16,867,419	\$ 63,116,329	\$ 59,497,856

See accompanying notes to financial statements.

# Project Orbis International, Inc.

## Statement of Functional Expenses (with comparative totals for 2020)

Year ended December 31,

	Program Services	Supporting Services		Total	
		Management and General	Fundraising	2021	2020
<b>Salaries and Fringe Benefits</b>					
Salaries	\$ 8,691,400	\$ 4,563,918	\$ 4,242,428	\$ 17,497,746	\$ 16,067,544
Employee benefits and payroll taxes	1,907,208	922,667	711,080	3,540,955	3,032,316
<b>Total Salaries and Fringe Benefits</b>	<b>10,598,608</b>	<b>5,486,585</b>	<b>4,953,508</b>	<b>21,038,701</b>	<b>19,099,860</b>
<b>Other Expenses</b>					
Professional fees and contract service payments	1,653,345	1,029,714	898,856	3,581,915	3,845,441
Travel, conferences, and meetings	530,270	45,080	117,298	692,648	918,874
Medical supplies (Note 10)	315,151,606	-	-	315,151,606	184,168,986
Supplies, registrations, and other expense	138,212	214,071	421,019	773,302	620,041
Equipment rental and maintenance	825,334	543,316	55,151	1,423,801	1,322,319
Occupancy and related expenses	655,017	675,982	360,379	1,691,378	1,898,833
Printing, mailings, and publications	190,872	34,165	1,676,086	1,901,123	1,066,441
Postage and communications	122,874	94,432	1,126,586	1,343,892	1,468,759
Insurance	415,408	120,236	67,649	603,293	700,690
Aircraft operations and fuel	707,752	-	-	707,752	571,734
Advertising and promotional expenses	644,716	352,632	705,027	1,702,375	2,954,152
Program expense and other	1,594,838	-	-	1,594,838	148,433
Program partner expenses	6,171,415	-	-	6,171,415	8,694,268
Miscellaneous	45,973	69,256	38,678	153,907	708,402
<b>Total Expenses, before depreciation and amortization</b>	<b>339,446,240</b>	<b>8,665,469</b>	<b>10,420,237</b>	<b>358,531,946</b>	<b>228,187,233</b>
<b>Depreciation and Amortization</b>	<b>2,062,754</b>	<b>24,083</b>	<b>5,448</b>	<b>2,092,285</b>	<b>2,376,750</b>
<b>Total Expenses</b>	<b>\$ 341,508,994</b>	<b>\$ 8,689,552</b>	<b>\$ 10,425,685</b>	<b>\$360,624,231</b>	<b>\$ 230,563,983</b>

See accompanying notes to financial statements.

# Project Orbis International, Inc.

## Statement of Cash Flows (with comparative totals for 2020)

<i>Year ended December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 3,618,473	\$ 2,186,149
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	2,092,285	2,376,750
Contributions restricted for long-term purposes	(4,343,640)	-
Net realized and unrealized loss (gain) on investments	364,198	(455,100)
Donated investments	31,979	(18,980)
Loss on disposal of property and equipment	7,088	-
Inventory obsolescence	191,644	141,537
Change in operating assets and liabilities:		
Decrease (increase) in assets:		
Contributions receivable	(1,397,869)	3,140,076
Accounts receivable from affiliates	232,182	(517,691)
Inventory of medical supplies	(18,315)	(343,028)
Prepaid expenses and other assets	628,023	(1,157,328)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(207,496)	(1,288,560)
Program advances	130,276	3,453,781
Accrued compensation and related expenses	261,199	(140,845)
Deferred rent	(712,719)	590,244
<b>Net Cash Provided by Operating Activities</b>	<b>877,308</b>	<b>7,967,005</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of equipment	(169,828)	(23,696)
Purchases of investments	(7,805,568)	(1,873,595)
Proceeds from sales of investments	2,578,067	1,682,929
<b>Net Cash Used in Investing Activities</b>	<b>(5,397,329)</b>	<b>(214,362)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from line of credit	-	3,000,000
Repayment of line of credit	-	(3,000,000)
Proceeds from contributions restricted for the Endowment Fund	4,343,640	-
<b>Net Cash Provided by Financing Activities</b>	<b>4,343,640</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(176,381)</b>	<b>7,752,643</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>19,210,679</b>	<b>11,458,036</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 19,034,298</b>	<b>\$ 19,210,679</b>

*See accompanying notes to financial statements.*

# Project Orbis International, Inc.

## Notes to Financial Statements

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### 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 (U.S. GAAP). In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and 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 gifts-in-kind consists of medical supplies, equipment, and donated services. 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 restrictions and reported in the statement of activities as net assets released from restrictions. 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 are classified as net assets with donor restrictions—perpetual in nature and subject to the requirements of the New York Prudent Management of Institutional Funds Act (NYPMIFA). These net assets with donor restrictions may include a stipulation that assets provided be maintained permanently, while permitting Orbis to

# Project Orbis International, Inc.

## Notes to Financial Statements

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expend the income generated by the assets in accordance with provisions of additional donor-imposed stipulations or a Board-approved spending policy.

- *Without Donor Restrictions* - This class consists of the part of net assets that is not subject to donor-imposed stipulations and is, therefore, available for the general operations of Orbis. Certain net assets without donor restrictions are designated by the Board of Directors for general operating reserve. 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***

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and expands 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

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

### ***Contributions Receivable and Accounts Receivable***

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' management to be fully collectible. At December 31, 2021 and 2020, there was no allowance for doubtful accounts recorded.

### ***Contributions and Revenues***

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.

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 advances from funding sources.

### ***Endowment Funds***

Orbis' endowment is subject to the provision of the New York Prudent Management of Institutional Funds Act (NYPMIFA). Orbis classifies as donor-restricted endowment funds (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held in perpetuity is classified as net assets with donor restrictions until appropriate for expenditure.

*Board-Designated Endowment.* The board of directors has established a fund to provide for the long-term financial stability of Orbis. The purpose of this fund is to provide a mechanism for the board of directors to set aside and invest certain fund. Accordingly, the board of directors has designated portions of surpluses in operating funds for this purpose.

*Donor-Restricted Endowment.* In further support of the long-term financial stability of the organization, Orbis received donations for which the principal must be maintained in perpetuity.

### ***Gifts-in-Kind and Contributed Professional Services***

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.

# **Project Orbis International, Inc.**

## **Notes to Financial Statements**

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Gifts-in-kind for medical supplies and other goods are recorded at their fair value at the date of receipt. The amounts reflected in the accompanying financial statements as gifts-in-kind are offset by like amounts in expenses, inventory, or fixed assets. Orbis determines the fair value of gift-in-kind pharmaceuticals based upon pricing source inputs.

Gifts-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.

### ***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, 2021 and 2020, 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 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 - Investments***

Orbis' 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' 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 (IRS) 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 2021 or 2020.

# **Project Orbis International, Inc.**

## **Notes to Financial Statements**

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### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### ***Concentration of Credit Risk***

Financial instruments that potentially subject Orbis to a concentration of credit risk are cash accounts with major financial institutions in excess of 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, 2021 and 2020 was a change in net assets of \$208,009 and \$(44,837), 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 relate to the New York office. These costs are allocated among 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, fixed-asset disposal losses, contributions that are restricted for endowment, and investment return less than or in excess of the spending rate. 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 U.S. GAAP. Accordingly, such information should be read in conjunction with Orbis' financial statements for the year ended December 31, 2020 from which the summarized information was derived.

# Project Orbis International, Inc.

## Notes to Financial Statements

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### *Accounting Pronouncements Issued but Not Yet Adopted*

#### *Not-for-Profit Entities (Topic 958)*

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07 (the Update) to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items.

The enhanced presentation and disclosure requirements include the contributed nonfinancial assets as separately stated as an individual line item in the statement of activities, distinct from contributions of cash or other financial assets. The contributed nonfinancial assets are also disaggregated in a footnote by category that shows the type of contributed nonfinancial assets in the consolidated statement of activities. For each type of contributed nonfinancial assets recognized, a not-for-profit will disclose the not-for-profit's policy (if any) on liquidating rather than using contributed nonfinancial assets; qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period, and, if used, a description of how the asset was employed should be included; any donor-imposed restrictions related to the contributed nonfinancial assets; and the valuation methods and inputs utilized to determine a fair value. In accordance with Topic 820, *Fair Value Measurement*, it should be measured at initial recognition. The principal or most advantageous market is utilized to calculate fair value if it is market in which the not-for-profit is restricted by the donor from selling or utilizing the contributed nonfinancial assets.

The Update does not change existing recognition and measurement requirements for contributed nonfinancial assets and is effective for annual reporting periods beginning after June 15, 2021 with early adoption permitted. Management is currently evaluating the impact of the adoption of the ASU on its financial statements.

#### *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 Orbis' 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

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### 3. Liquidity and Availability of Resources

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

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Total Current Assets</b>	<b>\$ 28,305,779</b>	<b>\$ 27,903,559</b>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Purpose restriction:		
Prepaid expenses and other assets	<b>(1,808,403)</b>	<b>(2,436,426)</b>
Restricted by donor with time or purpose restrictions	<b>(11,295,157)</b>	<b>(11,874,519)</b>
<b>Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b>\$ 15,202,219</b>	<b>\$ 13,592,614</b>

### *Liquidity Management*

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

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
In less than one year	<b>\$ 7,463,078</b>	<b>\$ 6,256,454</b>
Between one and five years	<b>-</b>	<b>40,937</b>
<b>Total</b>	<b>\$ 7,463,078</b>	<b>\$ 6,297,391</b>

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# Project Orbis International, Inc.

## Notes to Financial Statements

### 5. Fair Value Measurements

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

#### ***December 31, 2021***

	Fair Value Measurements (Level 1)	Fair Value Measurements (Level 2)	Total
Equities	\$ 5,531,292	\$ -	\$ 5,531,292
Fixed income	-	5,101,692	5,101,692
Exchange-traded products	2,077,047	-	2,077,047
<b>Investments, in the fair value hierarchy</b>	<b>\$ 7,608,339</b>	<b>\$ 5,101,692</b>	<b>12,710,031</b>
Money market funds*			236,231
<b>Total Investments, at fair value</b>			<b>\$ 12,946,262</b>

#### ***December 31, 2020***

	Fair Value Measurements (Level 1)	Fair Value Measurements (Level 2)	Total
Equities	\$ 2,544,220	\$ -	\$ 2,544,220
Fixed income	-	3,385,215	3,385,215
Exchange-traded products	1,852,254	-	1,852,254
<b>Investments, in the fair value hierarchy</b>	<b>\$ 4,396,474</b>	<b>\$ 3,385,215</b>	<b>7,781,689</b>
Money market funds*			333,249
<b>Total Investments, at fair value</b>			<b>\$ 8,114,938</b>

\* Certain investments that are measured at fair value using the net asset value (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 tables are intended to permit reconciliation of the fair value hierarchy to the accompanying consolidated statements of financial position.

There were no transfers between levels during the years ended December 31, 2021 and 2020.

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, 2021.

#### ***Money Market Funds***

The money market fund is valued based on the NAV, as a practical expedient, of the shares held by Orbis. NAV is based upon the fair value of the money market fund's underlying investments less liabilities. Orbis' 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, 2021 and 2020.

# Project Orbis International, Inc.

## Notes to Financial Statements

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### *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 Products*

The exchange-traded funds and products are valued on a daily basis at the close of the 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. Investment Return

Orbis maintains a spending rate policy on the invested assets. The spending rate policy was designed to preserve the value of the investment portfolio in real terms and to reduce the impact of market fluctuations on operations. The spending rate used for operations is set at 4.0% of the prior two-year rolling average fair value. In addition to the return on the invested assets, investment return used for operations includes investment income on working capital cash. Return on investment is shown net of investment managers fees at December 31, 2021 and 2020.

## 7. Property and Equipment, Net

Property and equipment consists of the following:

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
Aircraft equipment and hospital	\$ 37,752,445	\$ 37,720,633
Office/field equipment and software	2,043,937	2,421,366
Leasehold improvements	512,405	515,490
	<b>40,308,787</b>	<b>40,657,489</b>
Less: accumulated depreciation and amortization	<b>13,541,055</b>	<b>11,960,212</b>
	<b>\$ 26,767,732</b>	<b>\$ 28,697,277</b>

Depreciation and amortization expense amounted to \$2,092,285 and \$2,376,750 for the years ended December 31, 2021 and 2020, respectively.

# Project Orbis International, Inc.

## Notes to Financial Statements

### 8. Net Assets with Donor Restrictions

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

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
Childhood Blindness Initiative	\$ 4,902,476	\$ 3,935,160
Eye Care Program in China	3,619,378	3,410,435
Eye Care Capacity Building	1,316,715	3,573,020
Medical supplies for programs	1,230,544	1,460,721
MD-10 Program	571,885	19,000
Pediatric Eye Care	544,290	614,830
Diabetic Retinopathy	128,171	-
Retinopathy of Prematurity	100,252	-
Trachoma	111,991	238,061
Other	-	84,013
Reinvestment return on endowment funds	(1,923)	-
<b>With Donor Restrictions - Purpose and Time Restricted</b>	<b>12,523,779</b>	<b>13,335,240</b>
Original donor-restricted endowment gift amounts and amounts required to be retained by donors in perpetuity:		
Endowment Fund	4,343,640	-
<b>With Donor Restrictions - in Perpetuity</b>	<b>4,343,640</b>	<b>-</b>
<b>Total with Donor Restrictions</b>	<b>\$ 16,867,419</b>	<b>\$ 13,335,240</b>

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

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
Childhood Blindness Initiative	\$ 3,829,388	\$ 3,446,494
Diabetic Retinopathy	21,978	71,839
Pediatric Eye Care	211,683	838,702
Eye Care Capacity Building	4,403,929	5,076,368
Retinopathy of Prematurity	76,072	-
Trachoma	126,071	318,227
Medical supplies for programs	230,177	52,520
MD-10 Program	453,115	368,168
Eye Care Program in China	671,100	119,204
Other	84,012	385,988
<b>Total Net Assets Released from Restrictions</b>	<b>\$ 10,107,525</b>	<b>\$ 10,677,510</b>

### 9. Net Assets with Donor Restrictions - Endowment Fund

Orbis maintains a donor-restricted endowment fund that has been classified as with donor-restrictions net assets - held in perpetuity (Note 8). As required by U.S. GAAP, net assets associated with restricted donor funds are classified and reported based on the existence or absence of donor-imposed restrictions.

# Project Orbis International, Inc.

## Notes to Financial Statements

The Board of Directors of Orbis has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the endowment fund is classified as net assets with donor restrictions and includes the following:

- The original value of gifts donated to the permanent endowment.
- The original value of subsequent gifts to the permanent endowment.
- Accumulation of the permanent endowment made in accordance with the direction of applicable donor instructions.

The remaining portion of the endowment fund that is not classified as held in perpetuity represents the investment income (loss) on the corpus of the perpetual-in-nature endowment fund and is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Orbis in a manner consistent with the donor's intent. The following factors are considered in making a determination to appropriate or accumulate the endowment fund:

- The duration and preservation of the endowment fund.
- The purposes of the endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the endowment fund.
- The investment policies of the endowment fund.

From time-to-time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or state standards require Orbis to retain as a fund of perpetual duration.

Deficiency of this nature exists in one donor-restricted endowment fund, with a deficiency of \$1,923 as of December 31, 2021.

Changes in endowment net assets is as follows:

	Without Donor Restrictions	With Donor Restrictions	To Be Held in Perpetuity	Total
<b>Net Assets, December 31, 2020</b>	\$ -	\$ -	\$ -	\$ -
Board-designated funds	8,082,959	-	-	8,082,959
Investment return, net	573,717	2,764	-	576,481
Additions	-	-	4,343,640	4,343,640
Distributions	(334,432)	(4,687)	-	(339,119)
<b>Net Assets, December 31, 2021</b>	<b>\$ 8,322,244</b>	<b>\$ (1,923)</b>	<b>\$ 4,343,640</b>	<b>\$ 12,663,961</b>

# Project Orbis International, Inc.

## Notes to Financial Statements

The following table represents the endowment net asset composition by type of fund:

*December 31, 2021*

	Without Donor Restrictions	With Donor Restrictions	To Be Held in Perpetuity	Total
Donor-restricted	\$ -	\$ (1,923)	\$ 4,343,640	\$ 4,341,717
Board-designated	8,322,244	-	-	8,322,244
<b>Total</b>	<b>\$ 8,322,244</b>	<b>\$ (1,923)</b>	<b>\$ 4,343,640</b>	<b>\$ 12,663,961</b>

### 10. 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 \$314,658,087 and \$186,267,240 for the years ended December 31, 2021 and 2020, respectively.

### 11. 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>	<b>2021</b>	<b>2020</b>
United Kingdom	\$ 4,469,342	\$ 3,006,620
Ireland	680,309	444,739
Canada	584,349	134,937
Macau SAR	1,170,116	1,347,592
South Africa	94,322	-
Singapore	70,670	187,377
<b>Total</b>	<b>\$ 7,069,108</b>	<b>\$ 5,121,265</b>

At December 31, 2021 and 2020, accounts receivable from these affiliates were \$2,162,654 and \$2,394,836, respectively.

### 12. Line of Credit

Orbis has a revolving unsecured line of credit for \$3,000,000, which expires on December 30, 2022, 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

# Project Orbis International, Inc.

## Notes to Financial Statements

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Prime Rate or LIBOR Rate plus a margin of 225 basis points for interest periods of one, two or three months. As of December 31, 2021 and 2020, there were no payables on the line of credit.

### 13. Commitments and Contingencies

#### *Lease Agreements*

Orbis leases several office facilities under operating leases expiring at various dates through 2032. Future commitments subsequent to December 31, 2021 relating to these operating leases are as follows:

#### *Year ending December 31,*

2022	\$	970,932
2023		645,579
2024		566,746
2025		436,076
2026		444,057
Thereafter		2,836,022
<b>Total</b>	<b>\$</b>	<b>5,899,412</b>

At December 31, 2021 and 2020, rent expense for all noncancelable operating leases amounted to \$1,425,068 and \$1,708,451, respectively.

### 14. 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.

Orbis' international retirement plan began in 2018 and covers non-U.S. citizen expatriate 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.

Total retirement contributions relating to both plans amounted to \$383,238 and \$371,518 for the years ended December 31, 2021 and 2020, respectively.

### 15. Conditional Grants

Orbis has grant agreements with several donors that consist of providing conditional funding in future years, amounting to approximately \$13 million at December 31, 2021. A corresponding grant receivable has not been recorded on the statement of financial position, as the conditional grants are contingent upon incurring qualifying expenditures and fulfilling milestones.

# Project Orbis International, Inc.

## Notes to Financial Statements

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### 16. Risks and Uncertainties - CARES Act

#### *CARES Act*

On April 21, 2020, Orbis received funds under the Small Business Administration (SBA) Paycheck Protection Program (PPP) loan program in the amount of \$1,392,100. 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 the current business activity and the 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 funds, is dependent on Orbis having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria.

The PPP loan may be partially or fully forgiven if the business keeps its employee counts and employee wages stable. Orbis received approval from the SBA that the PPP loan was fully forgiven, and as such, had recorded the PPP loan following the guidance of ASC 958-605, *Accounting for Contributions*. Orbis expended all of the PPP loan during fiscal year 2020 and recorded it all as contributions at December 31, 2020.

The SBA has stated that all PPP loans in excess of \$2,000,000 and other PPP loans as appropriate will be subject to review by the SBA for compliance with program requirements. If the SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request or the subsequent use of loan proceeds, the SBA will seek repayment of the PPP loan including interest and potential penalties. While Orbis believes the loan was properly obtained and forgiven, there can be no assurance regarding the outcome of an SBA review. Orbis has not accrued any liability associated with the risk of an adverse SBA review.

Orbis did not defer or delay any timely payment of payroll taxes during the quarter September 1, 2020 through December 31, 2020.

### 17. Subsequent Events

Management has performed subsequent events procedures through June 24, 2022, which is the date that the financial statements were available to be issued. There were no subsequent events identified that would require an adjustment to the financial statements or disclosure as a result of these procedures.

## Supplementary Information

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# Project Orbis International, Inc.

## Schedule of Functional Expenses by Location (with comparative totals for 2020)

Year ended December 31,

	Program Services	Management and General	Fundraising	Total	
				2021	2020
<b>Orbis Offices</b>					
Bangladesh	\$ 1,534,954	\$ -	\$ -	\$ 1,534,954	\$ 1,429,073
China PRC	1,985,030	-	-	1,985,030	2,030,438
Ethiopia	320,526,886	-	-	320,526,886	191,181,447
India	1,963,078	-	-	1,963,078	1,273,418
Indonesia		-	-	-	31,706
Latin America, Caribbean (LAC)	419,337	-	-	419,337	575,171
Vietnam	518,101	-	-	518,101	730,823
South Africa	83,923	-	-	83,923	112,327
Mongolia	333,416	-	-	333,416	232,184
Ghana	239,655	-	-	239,655	191,721
Zambia	1,104,574	-	-	1,104,574	936,382
Program support	1,807,032	-	-	1,807,032	2,907,449
<b>Worldwide Programs</b>					
Flying eye hospital	5,810,923	-	-	5,810,923	6,433,443
Clinical services and program technologies	3,394,953	-	-	3,394,953	2,399,130
Program support - global	1,787,132	-	-	1,787,132	1,461,246
<b>Fundraising</b>					
United States	-	-	5,763,514	5,763,514	5,498,190
Hong Kong SAR	-	-	4,089,711	4,089,711	3,905,462
Other	-	-	572,460	572,460	580,781
<b>Corporate</b>					
Management and general	-	8,689,552	-	8,689,552	8,653,592
<b>Total Expenses</b>	<b>\$ 341,508,994</b>	<b>\$ 8,689,552</b>	<b>\$ 10,425,685</b>	<b>\$ 360,624,231</b>	<b>\$ 230,563,983</b>

# Project Orbis International, Inc.

## Schedule of Raffle Tickets and Fundraising Events

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

<i>Lottery event held between January 9, 2021 and March 1, 2021</i>		HK\$
Gross income		3,054,590
Expenditure		567,684
<b>Net Surplus</b>		<b>2,486,906</b>

The net proceeds from the lottery event under Lottery License No. 4773 held between January 9, 2021 and March 1, 2021 have been fully used on the operating expenses of Orbis' sight-saving work worldwide.

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

Fundraising event held between October 8, 2021 and October 14, 2021.

Permit No.	2021/095/1
	HK\$
Gross income	88,096
Expenditure	13,927
<b>Net Surplus</b>	<b>74,169</b>

The net proceeds have been utilized during the year ended December 31, 2021 for Orbis' sight-saving work worldwide.