

HelpMeSee, Inc.

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2016

HelpMeSee, Inc.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors
HelpMeSee, Inc.
New York, New York**

We have audited the accompanying consolidated financial statements of HelpMeSee, Inc. (the "**Organization**"), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015 and the consolidated related statements of activities 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 these consolidated 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 consolidated 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 organization'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 organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of HelpMeSee, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 consolidated financial statements, and our report dated May 12, 2016, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
April 28, 2017**

HelpMeSee, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2016 And 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 1,673,779	\$ 5,565,690
Accounts receivable	649,779	214,180
Pledge receivable (<i>Note 2</i>)	190,349	540,978
Prepaid expenses	63,375	134,436
Furniture, equipment and capital expenses, net (<i>Note 3</i>)	2,083,558	1,469,509
Other assets	<u>281,860</u>	<u>134,959</u>
Total assets	<u>\$ 4,942,700</u>	<u>\$ 8,059,752</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts and accrued expenses payable	\$ 1,640,590	\$ 1,539,966
Line-of-Credit (<i>Note 4</i>)	1,860,000	610,000
Non-interest note payable (<i>Note 5</i>)	<u>-</u>	<u>3,000,000</u>
Total liabilities	<u>3,500,590</u>	<u>5,149,966</u>
NET ASSETS		
Unrestricted	(76,604)	1,485,719
Temporarily restricted (<i>Note 6</i>)	<u>1,518,714</u>	<u>1,424,067</u>
Total net assets	<u>1,442,110</u>	<u>2,909,786</u>
Total liabilities and net assets	<u>\$ 4,942,700</u>	<u>\$ 8,059,752</u>

HelpMeSee, Inc.

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2016 And 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>TOTALS</u>	
			<u>2016</u>	<u>2015</u>
PUBLIC SUPPORT				
Individuals	\$ 805,374	\$ 913,158	\$ 1,718,532	\$ 2,677,340
Corporations	28,594	56,202	84,796	23,643
Foundations (<i>Note 7</i>)	10,719,360	112,678	10,832,038	17,016,166
Government	104,415	-	104,415	-
International Contributions (<i>Note 7</i>)	-	-	-	285,658
In-Kind contributions	19,978	-	19,978	51,763
Investment income (loss)	1,813	-	1,813	419
Rental income	58,962	-	58,962	44,062
Miscellaneous income	6,644	-	6,644	5,529
Net assets released from restriction (<i>Note 6</i>)	<u>987,391</u>	<u>(987,391)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>12,732,531</u>	<u>94,647</u>	<u>12,827,178</u>	<u>20,104,580</u>
EXPENSES				
Program services				
Surgical training, simulator and courseware	4,843,274	-	4,843,274	8,279,010
Cataract surgeries	3,248,603	-	3,248,603	4,307,822
Public awareness	<u>1,885,867</u>	<u>-</u>	<u>1,885,867</u>	<u>1,664,913</u>
Total program services	<u>9,977,744</u>	<u>-</u>	<u>9,977,744</u>	<u>14,251,745</u>
Supporting services				
Management and general	2,646,143	-	2,646,143	1,788,911
Fundraising	<u>1,582,987</u>	<u>-</u>	<u>1,582,987</u>	<u>4,946,419</u>
Total supporting services	<u>4,229,130</u>	<u>-</u>	<u>4,229,130</u>	<u>6,735,330</u>
Total expenses	<u>14,206,874</u>	<u>-</u>	<u>14,206,874</u>	<u>20,987,075</u>
Surplus/(deficit) of revenue over expenses	(1,474,343)	94,647	(1,379,696)	(882,495)
OTHER CHANGES				
Foreign currency loss	<u>(87,980)</u>	<u>-</u>	<u>(87,980)</u>	<u>(66,134)</u>
Change in net assets	<u>(1,562,323)</u>	<u>94,647</u>	<u>(1,467,676)</u>	<u>(948,629)</u>
NET ASSETS				
Beginning of year	<u>1,485,719</u>	<u>1,424,067</u>	<u>2,909,786</u>	<u>3,858,415</u>
End of year	<u>\$ (76,604)</u>	<u>\$ 1,518,714</u>	<u>\$ 1,442,110</u>	<u>\$ 2,909,786</u>

HelpMeSee, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016

	<u>Surgical Training, Simulator And Courseware</u>	<u>Cataract Surgical Coverage</u>	<u>Public Awareness</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>2016 Total Expense</u>
Salaries	\$ 1,277,821	\$ 920,450	\$ 499,846	\$ 2,698,117	\$ 425,251	\$ 846,836	\$ 3,970,204
Benefits and related payroll expenses	<u>211,501</u>	<u>152,350</u>	<u>82,733</u>	<u>446,584</u>	<u>70,386</u>	<u>140,165</u>	<u>657,135</u>
Total salaries and related costs	1,489,322	1,072,800	582,579	3,144,701	495,637	987,001	4,627,339
Program grants/costs							
Surgeries and surgical kits	-	938,695	-	938,695	-	-	938,695
Simulator Development	1,880,668	-	-	1,880,668	-	-	1,880,668
Donated professional services and office expenses	9,258	5,956	2,102	17,316	560	2,102	19,978
Professional services	364,074	596,766	869,314	1,830,154	2,012,475	84,743	3,927,372
Printing and postage	36,258	24,135	119,287	179,680	1,838	194,285	375,803
Travel and meetings	193,373	234,347	102,320	530,040	24,548	54,044	608,632
Office expenses	318,211	257,040	41,463	616,714	58,196	90,982	765,892
Advertising and promotion	263	25,174	75,439	100,876	2,601	16,836	120,313
IT and Web	441,767	38,246	56,455	536,468	36,825	84,752	658,045
Interest expense	4,582	1,527	-	6,109	764	764	7,637
Miscellaneous expense	74,160	39,871	32,431	146,462	7,476	55,539	209,477
Depreciation expense	<u>31,338</u>	<u>14,046</u>	<u>4,477</u>	<u>49,861</u>	<u>5,223</u>	<u>11,939</u>	<u>67,023</u>
Total expenses	<u>\$ 4,843,274</u>	<u>\$ 3,248,603</u>	<u>\$ 1,885,867</u>	<u>\$ 9,977,744</u>	<u>\$ 2,646,143</u>	<u>\$ 1,582,987</u>	<u>\$ 14,206,874</u>

HelpMeSee, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015

	<u>Surgical Training, Simulator And Courseware</u>	<u>Cataract Surgical Coverage</u>	<u>Public Awareness</u>	<u>Total Program Services</u>	<u>Management And General</u>	<u>Fundraising</u>	<u>2015 Total Expense</u>
Salaries	\$ 1,155,031	\$ 820,036	\$ 412,648	\$ 2,387,715	\$ 345,665	\$ 700,456	\$ 3,433,836
Benefits and related payroll expenses	<u>190,846</u>	<u>135,494</u>	<u>68,182</u>	<u>394,522</u>	<u>57,114</u>	<u>115,736</u>	<u>567,372</u>
Total salaries and related costs	1,345,877	955,530	480,830	2,782,237	402,779	816,192	4,001,208
Program grants/costs							
Surgeries and surgical kits	-	2,024,358	-	2,024,358	-	-	2,024,358
Simulator Development	5,563,489	-	-	5,563,489	-	-	5,563,489
Donated professional services and office expenses	14,536	18,655	1,867	35,058	7,419	9,286	51,763
Professional services	235,622	527,610	335,376	1,098,608	1,229,147	3,196,158	5,523,913
Printing and postage	32,213	41,077	357,790	431,080	1,304	636,850	1,069,234
Travel and meetings	261,975	321,513	38,802	622,290	22,639	50,227	695,156
Office expenses	302,803	310,417	21,522	634,742	70,375	73,397	778,514
Advertising and promotion	11,928	39,242	349,536	400,706	4,014	45,391	450,111
IT and Web	423,647	31,766	53,494	508,907	40,406	81,251	630,564
Interest expense	1,500	500	-	2,000	250	250	2,500
Miscellaneous expense	61,812	20,520	25,696	108,028	6,644	33,482	148,154
Depreciation expense	<u>23,608</u>	<u>16,634</u>	<u>-</u>	<u>40,242</u>	<u>3,934</u>	<u>3,935</u>	<u>48,111</u>
Total expenses	<u>\$ 8,279,010</u>	<u>\$ 4,307,822</u>	<u>\$ 1,664,913</u>	<u>\$ 14,251,745</u>	<u>\$ 1,788,911</u>	<u>\$ 4,946,419</u>	<u>\$ 20,987,075</u>

HelpMeSee, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2016 And 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$(1,467,676)	\$ (948,629)
<i>Adjustments to reconcile change in net assets to Net cash provided by operating activities:</i>		
Depreciation	67,023	48,111
Write-off from fixed assets	-	2,159
(Increase)/decrease in assets:		
Accounts receivable	(435,599)	(27,068)
Pledges receivable	350,629	5,771,168
Prepaid expenses	71,061	(100,921)
Other assets	(146,901)	706
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	<u>100,624</u>	<u>(657,831)</u>
Net cash provided by (used for) operating activities	<u>(1,460,839)</u>	<u>4,087,695</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture, equipment and capital expenses	<u>(681,072)</u>	<u>(478,201)</u>
Net cash used for investment activities	<u>(681,072)</u>	<u>(478,201)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing on line of credit	1,250,000	-
Repayment of note payable	<u>(3,000,000)</u>	<u>-</u>
Net cash used for financing activities	<u>(1,750,000)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(3,891,911)	3,609,494
CASH		
Beginning of year	<u>5,565,690</u>	<u>1,956,196</u>
End of year	<u>\$ 1,673,779</u>	<u>\$ 5,565,690</u>

HelpMeSee, Inc.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

HelpMeSee, Inc., (the “Organization”) is a global campaign to eliminate blindness caused by untreated cataracts. Twenty million people living in the developing world are blind for two basic reasons:

1. They have no access to highly trained cataract specialists where they live. In many countries, there is as few as one ophthalmologist per one million people.
2. They are extremely poor, earning just \$1 or \$2 per day when they are employed, so they cannot afford treatment even if it were available.

The centerpiece of the HelpMeSee strategy is to increase surgical access by training thousands of highly skilled cataract specialists to perform Manual Small Incision Cataract Surgery (MSICS). This operation is a quick (as little as 5 minutes for adults and 15 minutes for children), highly effective, and very low cost lens replacement procedure with results comparable to more expensive procedures practiced in the developed world.

It is HelpMeSee’s intention to train approximately 30,000 MSICS specialists to perform 60 million surgeries in 20 years. HelpMeSee’s specific goals are:

- Train cataract specialists (the majority of whom will be women) to perform a single standardized surgical procedure (MSICS) with high skill and at the lowest possible cost.
- Achieve the largest possible scale by utilizing highly standardized training methods and equipment, including very high fidelity virtual reality simulators, courseware, and methods adapted from commercial aviation pilot training.
- Conduct the training in the developing countries to those individuals who are willing and eager to serve the poor living in remote communities.
- Select and train applicants capable of successfully completing the instructional training to a high standard, which is objectively measured.
- Continuously improve quality of MSICS care, through applied research, refinement of surgical steps, and pre-sterilized single use surgical kits.
- Achieve the best standards of quality of surgical care, infection control and patient safety.
- Mobilize financial, material and volunteer resources to achieve sustainable funding solutions for the elimination of blindness caused by cataracts worldwide through private and public partnerships on behalf of the poor at the lowest possible cost.
- Pay surgical partners promptly for high quality cataract surgeries provided to the poor upon submission of specific, detailed and verifiable documentation for each completed procedure. Maintain transparent accounting of funds used and results achieved.
- Provide educational, technical, and financial support when necessary including loans to graduates so they may establish “best practice” business and surgical management systems specific to their practice locale in order to deliver high volume and high quality cataract surgeries, which are patient-centered.
- Establish a web and cloud based electronic surgical report system for surgical quality assurance, and monitoring and evaluation of outcomes for every graduate, surgical partner and patient.
- Develop proactive surgical eye-care policies with country governments and local insurance providers to include MSICS as essential surgery within the primary healthcare delivery.

HelpMeSee, Inc.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2016

HelpMeSee, based out of New York, currently has five international offices; the Netherlands, Hong Kong, China and two located in India. The operations of these offices are included in the financial statements. HelpMeSee also is registered in Singapore and Brazil.

BASIS OF PRESENTATION

The financial statements include the accounts of the Organization; its branch offices in China and India, and its controlled organizations (through the Board of Directors and economic interest) in Hong Kong, India and the Netherlands.

The financial statements are presented in U.S. dollars. The financial records of these branch offices and controlled organizations are kept in local currencies. Assets, liabilities and net assets are translated at year-end rates of exchange and revenue and expenses are translated using the month end exchange rates supplied by an independent source. Significant intercompany transactions have been eliminated in the consolidation.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

The Organization occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“ASC”) 825, “*Financial Instruments*”, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents.

INVESTMENTS

Investments in equity securities with readily determinable fair market values are reported at fair market values with realized and unrealized gains and losses included in the statement of activities. Investments comprise donated securities not sold, but are being held until cash is required for operations, as determined by the Board of Directors.

FIXED ASSETS AND CAPITAL EXPENSES

Fixed assets are recorded at cost. Equipment is capitalized, while maintenance and repairs are expensed when incurred. The Organization provides depreciation on furniture, fixtures and equipment by the straight-line method at rates calculated using the estimated useful lives of the respective depreciable assets, generally three to seven years. Capital expenses represent the research and development costs of a prototype virtual reality simulator and are expensed as incurred. Development of coursework, Manual Small Incision Cataract Surgery, is capitalized at cost.

CONTRIBUTIONS

Unrestricted contributions receivable are recognized as contributions revenue and contributions receivable during the period in which they are promised. Conditional contributions are recognized only when the conditions on which they depend are substantially met and the contributions become unconditional. Contributions receivable (unconditional promises to give) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

HelpMeSee, Inc.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2016

The Organization received donated legal, consulting and other services with an estimated fair value of \$29,905 and \$51,763 for the years ended December 31, 2016 and 2015, respectively. These items are reflected as Contributions In-Kind in the accompanying statement of activities and changes in net assets.

All outstanding pledges at December 31, 2016 are expected to be collected within one year.

NET ASSETS

The Organization's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Unrestricted net assets include the net assets that are associated with the principal mission of the Organization.

Temporarily restricted net assets – Temporarily restricted net assets include gifts for which donor-imposed restrictions have not been met. When a donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as *“net assets released from restriction.”*

FUNCTIONAL EXPENSES

Functional expenses which are not specifically attributable to program service or supporting services are allocated based on estimates determined by management.

INCOME TAXES

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) of the Internal Revenue Code and recognized as a public charity under Section 509(a)(1) of the Internal Revenue Code.

Management has reviewed the tax positions for the open tax years 2013-2015 or expected to be taken on the Organization's 2016 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

(2) PLEDGES RECEIVABLE

Pledges receivable are due as follows at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Receivable in one year	\$ 160,349	\$ 520,978
Receivable in one to five years	30,000	12,500
Receivable in five to ten years	<u>-</u>	<u>7,500</u>
Total pledges receivable	<u>\$ 190,349</u>	<u>\$ 540,978</u>

HelpMeSee, Inc.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2016

(3) FURNITURE, EQUIPMENT AND CAPITAL EXPENSES

At December 31, 2016 and 2015, furniture and equipment consists of the following:

	<u>2016</u>	<u>2015</u>
Office furniture	\$ 31,627	\$ 23,210
Office equipment	124,217	91,965
Leasehold improvements	278,360	265,163
Simulators	426,130	-
Computers	<u>41,446</u>	<u>19,108</u>
	901,780	399,446
Less: accumulated depreciation and amortization	<u>192,039</u>	<u>126,361</u>
	<u>709,741</u>	<u>273,085</u>
Development		
Courseware	<u>1,373,817</u>	<u>1,196,424</u>
	<u>1,373,817</u>	<u>1,196,424</u>
	<u>\$ 2,083,558</u>	<u>\$ 1,469,509</u>

Depreciation expense for the years ended December 31, 2016 and 2015 totaled \$67,023 and \$48,111, respectively.

The Organization is developing a virtual reality simulator and courseware to train cataract specialist in Manual Small Incision Cataract Surgery (MSICS). The design calls to achieve a level of realism that is virtually indistinguishable from live surgery performed by an experienced surgeon. This will replace traditional MSICS training with simulator based proficiency training rather than using it as an adjunct to live training. The Organization is applying the aviation FAA level D simulator standard both as a quality standard and as a template for developing the simulator. The various component technologies required for simulation that meets the Organizations goals are:

- Haptic
- Large incision, topological changes
- Tissue/tool collision
- Deformation
- Force calculation

Proficiency level of training of cataract surgeons is accomplished with Instructor Based Training (IBT), Computer Based Training (CBT) and Simulator Based Training (SBT) instructional curriculum and learning management systems. The Organization has successfully developed proof of concept models of the Eye Surgical Simulator for Cataract. Based on relative merits of the models and cost considerations the chosen concept will go into further development and production. Physics based model of the eye developed with extensive data gathered during live cataract surgeries is used as the foundation of the HelpMeSee Eye Surgical Simulator for Cataract.

Research and development costs related to the design, development and production of the prototype model are being expensed as incurred. During the year ended December 31, 2016, the Organization capitalized six simulators to be used for training at a cost of \$426,130. Research and development costs of \$1,880,668 and \$5,563,489 were expensed in 2016 and 2015, respectively.

HelpMeSee, Inc.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2016

(4) LINE-OF-CREDIT

The Organization has lines-of-credit from two Foundations towards start-up costs, including the design and development of the simulator. The total amount of funds available under the lines-of-credit is \$5,000,000. The lines-of-credit have an interest rate equal to .45% over the LIBOR 30-day Index Rate, with all interest and principal due to be paid upon written notice of the lender (*See Note 7*). As of December 31, 2016 and 2015, the Organization had drawn down \$1,860,000 and \$610,000, respectively, of the funds available.

The Organization incurred interest expense of approximately \$7,600 and \$2,500 for the years ended December 31, 2016 and 2015, respectively.

(5) NON-INTEREST NOTE PAYABLE

On September 12, 2012, the Bill & Melinda Gates Foundation (“Foundation”) and the Organization entered into a program related investment agreement for up to \$12 million. Under the terms of the agreement, the Organization drew down \$3 million. The Organization repaid the note in 2016.

(6) NET ASSETS

TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2016</u>	<u>2015</u>
Cataract surgeries restricted to India	\$ 302,759	\$ 520,083
Cataract surgeries restricted to other regions	1,175,955	903,984
Time Restricted	<u>40,000</u>	<u>-</u>
Total	<u>\$1,518,714</u>	<u>\$1,424,067</u>

Net assets released by satisfying the donor restrictions were as follows:

	<u>2016</u>
Cataract surgeries restricted to India	\$ 271,497
Cataract surgeries restricted to other regions	705,894
Time Restricted	<u>10,000</u>
Total	<u>\$ 987,391</u>

HelpMeSee surgical partners performed 21,155 surgeries in 2016 and 50,610 surgeries in 2015. Every surgical reimbursement is accounted for using the surgical quality assurance and reporting available on the HelpMeSee web based surgical partners and patient information system.

HelpMeSee, Inc.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2016

(7) CONTRIBUTIONS

For the years ended December 31, 2016 and 2015, the Organization received contributions from two foundations in the amount of \$10,577,550 and \$16,881,676, respectively, which represents 83% and 84% of the Organization's total revenue. These two foundations also have provided the Organization with a line-of-credit (*See Note 4*).

In 2015, the Organization embarked on a campaign with HelpAge India for elimination of blindness due to cataracts in India. The Organization provided funds for the cost of the campaign. The campaign raised total contributions and pledges of \$285,658, net of exchange losses of \$47,983 in 2015, and is included in "International Contributions" in the Statement of Activities and Changes in Net Assets. The funds raised are disbursed to partners in India to perform cataract surgeries.

(8) JOINT COSTS

For the years ended December 31, 2016 and 2015, the Organization incurred joint costs of \$399,509 and \$1,343,663, respectively, for informational materials and activities that included fund-raising appeals. For the year ended December 31, 2016 and 2015, these joint costs were allocated as follows:

	<u>2016</u>	<u>2015</u>
Fundraising	\$ 255,686	\$ 859,944
Public Awareness	<u>143,823</u>	<u>483,719</u>
	<u>\$ 399,509</u>	<u>\$ 1,343,663</u>

(9) LEASE COMMITMENTS

The Organization has a lease, which expires in February 2023, for its New York office space. The lease provides for monthly payments with annual increases of 2.5%. The Organization also has a lease agreement expiring July 31, 2017 for office space for its India operations.

Rent expense for the years ended December 31, 2016 and 2015 was \$531,010 and \$372,924, respectively.

Future minimum rental commitments under these leases are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 398,825
2018	311,259
2019	298,057
2020	305,509
2021	313,146
2022 and thereafter	<u>347,777</u>
	<u>\$ 1,974,573</u>

HelpMeSee, Inc.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2016

(10) CONTINGENCY

On August 31, 2011, the Organization entered into an Agreement with WonderWork, Inc. (f/k/a Surgery For The Poor, Inc., hereinafter “*Wonderwork*”), pursuant to which WonderWork agreed to provide the Organization with fundraising services. On August 17, 2012, the Organization terminated the Agreement. On March 21, 2013, WonderWork filed a demand for arbitration claiming that the Organization owed WonderWork certain unpaid fees. The Organization filed an answer and counterclaims on May 9, 2013, in which the Organization alleged that WonderWork fraudulently induced the Organization to enter into the Agreement, breached multiple provisions of the Agreement, and violated its fiduciary duties to the Organization. On October 13, 2016, an arbitrator issued a partial final award in which Wonderwork was found to be in substantial breach of its agreement with the Organization, and ordering Wonderwork to pay the Organization substantial damages and interest. On December 2, 2016, judgement was entered against Wonderwork to include an additional award for interest, costs and disbursements. On December 21, 2016, the arbitrator issued a final award for attorney fees and costs. The total amount of the award is \$16,054,348. On December 29, 2016, Wonderworks filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code, which is currently pending before the U.S. Bankruptcy Court for the Southern District of New York. As such, potential receipts awarded on the aforementioned judgement are not able to be determined. In connection with this arbitration action, for the years ended December 31, 2016 and 2015, the Organization incurred \$1,955,621 and \$1,129,666 of legal fees, respectively, which are included in “Management and General” expenses in the Statements of Activities and Changes in Net Assets. Public contributions are not being used to fund the payment of these legal costs.

(11) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, April 28, 2017, have been evaluated in the preparation of the financial statements.